

JPRS 80223

2 March 1982

West Europe Report

No. 1915

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

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WEST EUROPE REPORT

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LABOR PARTY WANTS CHANGE IN 3 PERCENT AGREEMENT

The Hague ANP NEWS BULLETIN in English 4 Feb 82 p 2

[Text] The Hague, February 3--The Dutch Labour party today called for a revision of a NATO agreement under which the Netherlands committed itself to raising its defence spending by a real three per cent a year.

Labour party spokesman Harry van den Bergh told the second chamber of parliament it would be better to declare the three per cent commitment 'a theoretical norm.'

Speaking during the resumed debates on the defence ministry's 1982 budget, he said it had not been met and was unlikely to be met. Under the circumstances it would be advisable to search for better standards for long-term planning.

'Strictly speaking the three per cent growth norm is of little military significance' he added.

Shortfall

The Labour spokesman said he had been shocked to learn from Defence Minister Hans van Mierlo that he was faced with a shortfall of 800 million guilders, including 400 million on this year's budget.

He blamed the previous cabinet for the shortfall but also waived as too scanty Mr Van Mierlo's written reply to questions how he planned to bridge the financial gap.

Similar criticism was voiced by speakers for the small left-wing parties who also drew attention to growing popular protest against nuclear arms and the 'growing militarisation of the Netherlands.'

Mr Van den Bergh called on the defence minister to submit his foreshadowed defence memorandum to parliament before the summer recess.

Failing this the parliamentary debate on the memorandum could not be held before 1983 he said.

Military Complex

Labour wants the memorandum to throw light on the extent to which Dutch firms depend on defence orders so as to avoid a military-industrial complex from developing in the Netherlands.

It also wants the memorandum to outline an 'explicit and coherent' policy aimed at reducing the nuclear NATO tasks assigned to the Dutch armed forces, he said.

Labour and D'66 party spokesman joined Christian democrats who yesterday called for a more open discussion within the Dutch armed forces on nuclear arms problems.

According to Labour member Jules de Waart conscientious objections to nuclear arms among the military should be given the opportunity to transfer to non-nuclear jobs.

He also urged Defence Minister Van Mierlo to stop deploying troops to strengthen Dutch anti-riot police during massive demonstrations, as he had on six occasions last year. (The debate is continuing.)

CSO: 3120/41

THEATER FORCES

NETHERLANDS

GENERAL ON U.S., EUROPEAN DIFFERENCES ON NUCLEAR ARMS

Rotterdam NRC HANDELSBLAD in Dutch 25 Jan 82 p 7

[Signed article by Brigadier General G.C. Berkhof: "We Have To Explain Better What Nuclear Arms Are For"]

[Text] Crises are no rare occurrence in NATO. Different points of view about the political course to be followed, the content of our strategy, the nature and extent of the defense effort and other mutual differences regularly provide agitation in the corridors, increased activity in the exchange of notes and telegrams, and careful commentary by experts in the trade papers.

With only a very few exceptions, such as for example the discussion about alliance strategy in the first half of the 1960's--for France a contributing factor in removing its armed forces from joint command--the agitation was of short duration and people quickly got back to the business of the day. Generally these crises dealt with matters which were unknown outside of a limited circle of political policy makers, their advisors and a few specialized commentations, and therefore they were seldom echoed by public opinion.

For several reasons, the crisis which is now arising between the United States and Western Europe is showing signs of having a more fundamental nature than the gusts of agitation which have been visited upon the alliance in the past. If in those cases it was a matter of short-lasting and isolated fits of fever, now it seems as though there is a question of a general illness. A rapid sequence of increasingly serious attacks seem to be limiting the recovery in the meantime and thereby cause more permanent and more deeply rooted tensions than has been the case in the past.

Focal Issue

One of the focal issues involved is the difference of opinion about nuclear armament. It is true that it has not been all that easy in the past to reach a unanimous decision about that. But then the differences of opinion were generally limited to a closed meeting of experts and therefore seldom saw the light of day. That is clearly not the case now, if only because for some time nuclear armament has played a major role in public opinion, particularly in Western Europe.

It is easy to see after the fact that this was caused primarily by the neutron bomb. To be sure, at the time people did not become frozen into their positions

on the question of whether that weapon need be introduced into the NATO arsenal overnight. When, practically immediately after the signing of the SALT interim agreement of 1972, the Soviets introduced a series of new strategic and tactical nuclear weapons delivery systems, it suddenly became clear that NATO, too, would sooner or later have to decide on measures. Therefore, the study groups activated by Schlesinger, then an American cabinet member [U.S. Secretary of Defense], faced a difficult task. One group of experts had to study what weapons system deserved to be chosen for operational, technical and financial reasons, while another group had to concern itself primarily with the political results the introduction of the weapon might have for Western European detente policies.

When NATO chose in favor of the neutron bomb in the beginning of 1977, it was really making the obvious choice from among the available possibilities. Indeed, the weapon would be able to strengthen NATO's defensive position appreciably, promised to limit the victims among the civilian population as much as possible, and should, in view of the fact that in the event of a conflict it would only be employed on Western European territory, give the Soviet Union no reason to protest; all of which are factors on the basis of which it could reasonably be expected that a possible introduction of the weapon would at least not cause any negative reactions in the West.

Course Alteration

An analysis of the results of the debacle seems more important than the question of just how the matter came not to run as expected. For the West European politicians, the massive protest undoubtedly came as a complete surprise. If they had still expressed themselves unreservedly in favor of introducing the neutron bomb at a foreign ministers' meeting at Bari in June 1977, after the massive demonstrations they were obviously no longer so certain that this was a good plan.

This course alteration, in turn, was reason for the American politicians, on their part, to raise their eyebrows, primarily because in their opinion their European colleagues had not expended sufficient energy in informing their public. In the discussion about the nuclear intermediate-range weapons, they therefore naturally assumed a wait-and-see attitude.

Only when it became clear--or rather seemed--that most of the Western European politicians considered the replacement of the Pershing missiles and the introduction of cruise missiles to maintain the credibility of NATO's strategy, in 1979, did they come about and agree to build the weapons at American expense. They also agreed to the Western European request to seek independent negotiations--that is to say, negotiations separate from the coming strategic arms talks--with the Soviet Union; from strategic considerations and also from the point of view of the technique of negotiating, for that matter, that was not an obvious choice.

Black Sheep

The result of all this has deeply disappointed the Americans. Thus a former high defense official (Schlesinger?), writing under the pen name Galen in the November issue of the ARMED FORCES JOURNAL, writes with unusual bitterness that the

Americans have never failed to do what the West Europeans have asked them to do, and have been willing to do that for the most part at their own expense.

"However, we have recently gotten ridiculously little back for that. We have now become the black sheep," so he charges the West European politicians, "because of your inability to make clear to the media, the preachers, the young, the inexperienced politicians, and the rest of the public why Western Europe must defend itself."

Indigestible

That would be enough if it were a matter here of an isolated article, but that is not the case. Here we are dealing with a widespread feeling of discontent, which for that matter is not restricted to the politicians, but is coming to be shared more and more by the man in the street, which naturally gives it added political relevance.

Nuclear armament is certainly not the only point of criticism here. The weak reaction to the Soviet attack on Afghanistan, the unwillingness to support plans for a rapid intervention force for the Middle East, the lack of unity of opinion on the events in Poland, the sometimes publicly expressed criticism of American plans for the strategic nuclear force and the inability to keep our own defense effort up to the mark are just that many points of irritation for transatlantic relations.

The publication of the fact that the United States spent 81.1 billion dollars for the defense of Western Europe, in particular, violently roused the emotions of the average American. An increase in America's own defense costs--partly at the expense of social provisions--has now become rather difficult to defend when it seems as though the Western Europeans are not even keeping their defensive contribution up to the mark. Letters to the editors in which the politicians are advised to let the West Europeans pay for the American troops or to pull the troops out of Western Europe have become the order of the day.

Little Cohesion

It goes without saying that if feelings on both sides of the Atlantic Ocean should decline further, a dangerous situation from a strategic point of view could arise. Now the concept of "strategic" can be used in several connotations. Usually, what is understood by it is the plan for the deployment of the armed forces in time of war. It will be clear that if the Americans should reduce their share in the defense of Western Europe, the focal points of the strategy of the adjusted response, that is, defensive posture pushed as far forward as possible, would have to be maintained, but that all operational plans would have to be revised from the ground up.

Should the United States break the ties with Western Europe completely--a not very probable but still not inconceivable situation--the security of Western Europe could not longer be guaranteed.

Even disregarding the limited political cohesion, the limited geographic depth and irregularity of terrain and especially the lack of necessary raw materials

make Western Europe vulnerable, both to a large-scale attack and to an economic strangle hold, or, which is more probable, to a threat of one.

No matter how well laid out a defensive strategy is, it loses credibility if no adequate response can be made to a definite, real possibility of attack. To be sure, because of the high level of armament on both sides there is not such a thing as a "delicate balance of deterrence," one which will topple one way or the other at the least suggestion, but certainly great disproportions can lead to miscalculation, with all of the results of that.

In addition to that, the care a society takes in its defense is in a certain sense an expression of its social cohesion and will. An unjust estimate of the dangers which threaten a society, whether it be due to an underestimate or to an overestimate, can lead to a sort of preventive capitulation and is therefore more dangerous than the lack of certain weapons systems. At the current time, a well thought out strategic concept can lose in value if there is a great imbalance in the ratio of strengths.

An erosion of credibility like that is a long-term process, however, which can be influenced by many other factors. However, a strategic concept loses its value if it is not understood by the public, or--even worse--if it is understood but no longer supported. The search for another strategic concept then offers very little solace.

There must be agreement, after all, on what capabilities the other party has. All that remains, then, is to pay attention to the social dimensions of our strategy; to explain the essentials of the matter and to state what is illusory and what is not.

That is incontrovertibly a longwinded process, but there are no other options.

6940
CSO: 3105/91

MUNITION PROTESTS TERMED HARMFUL TO ANTI-TNF CAMPAIGN

The Hague ANP NEWS BULLETIN in English 2 Feb 82 pp 1-3

[Text] The Hague, February 1--A violent campaign by militant pacifists to disrupt a new NATO supply route through the Netherlands is causing concern to mainstream peace groups who fear it could jeopardise their efforts to keep new U.S. nuclear missiles off Dutch soil.

Defence analysts say it also threatens to undermine the credibility of the Dutch commitment to the North Atlantic treaty organisation (NATO).

Trains carrying conventional munitions from the northern Dutch port of Eemshaven to U.S. depots in West Germany have been harassed by activists who set fire to signal cabins and intimidated railway workers.

Deputy Prime Minister Joop den Uyl said the protests in mid-January were intolerable and demanded tough measures to stop them.

Public opinion polls show that over 70 per cent of Dutch people support the Netherlands commitment to NATO, although not all agree with its policies, but a similar number oppose the siting of new U.S. nuclear missiles on Dutch soil.

NATO wants to station 48 new missiles in the Netherlands as part of the deployment of 572 cruise and Pershing missiles in western Europe. The missiles are intended to counter what the alliance sees as the superiority of the Warsaw pact.

Conventional Forces

The Dutch are founder members of NATO and most Dutch peace groups are in favour of NATO membership, but under pressure from public opinion the government postponed a decision due last month on whether to accept the new missiles.

Ben ter Veer, leader of the Inter-Church Peace Council (IKV), which is the country's most powerful peace group, says: 'We do not advocate withdrawal from NATO and acknowledge the need to maintain conventional forces.'

The IKV, which favour unilateral nuclear disarmament, has around 50,000 members. It organised an anti-nuclear demonstration in Amsterdam last November when

350,000 people brought the city to a standstill, but it refused to support action against the 18 trains which carried the NATO munitions.

Other activists, who usually work in small, loosely-knit groups without the formal structure of the IKV, feel a conventional arms build-up could lead to war.

NATO munitions, usually in consignments of around 100 tonnes, have passed through other Dutch ports and on other routes to West Germany in the past few years, but the recent shipment of 1,160 tonnes through Eemshaven prompted objections because of its size.

'Complete Success'

The defence ministry says the next shipment, which could arrive within the next month, might be up to 1,500 tonnes.

The activists' methods have shocked more moderate pacifists and promoted criticism from several commentators. The left off-centre Volkskrant newspaper said the use of violence made a mockery of pacifist ideals.

An incendiary device, planted by activists and defused by army experts, frightened train drivers who are now reluctant to transport future consignments.

The defence ministry said the run was a complete success but U.S. embassy sources were more cagey, saying the protests made further talks between NATO and the Dutch government necessary before a decision was taken on future routes.

Deputy Prime Minister Den Uyl said the government initially reacted with restraint to the protests because it felt there should be scope for popular protest against the new route.

But he said that activists had gone too far with their militant and extreme methods.

Sabotage

The IKV has also been critical.

'We don't support opposition to the munitions trains and we don't condone sabotage to achieve our goal, which is to rid the Netherlands of nuclear weapons,' Mr Ter Veer said.

The IKV does not flinch from vigorous methods of resistance to government policy and says it will advocate civil disobedience if the Netherlands accepts new nuclear missiles. But it firmly rejects the use of violence.

The government is concerned that the activities of the peace movement and the attempts to stop munitions trains offer the Soviet bloc a propaganda weapon.

East European newspapers regularly report Dutch opposition to NATO plans and RUDE PRAVO, Czechoslovakia's Communist party newspaper, carried news of the munitions trains disruption on its front page.

The Dutch defence ministry refuses to say if there is nuclear material in the country, but the Dutch army, as part of its NATO role, is equipped to fire nuclear grenades from howitzers, to use 'Lance' rockets with nuclear warheads and to use nuclear landmines.

The air force has anti-aircraft weapons and 75 starfighter F-16 planes and the navy has six Neptune planes, all of which can fire nuclear warheads.

'Hollanditis'

Most Dutch politicians feel the Netherlands plays an active NATO role and are unhappy with the term 'Hollanditis,' coined by American columnists to describe what they see as increasing neutralism here.

Defence Minister Hans van Mierlo has said the term is damaging to the Netherlands' international image, and has described it as 'odious and misleading.'

The government has reiterated its commitment to NATO and insists that its position has not been weakened by the postponement of its decision on the siting of new nuclear missiles.

'Up to now, apart from shuffling on the cruise question, the Dutch have been sound allies,' one U.S. diplomat said.

Further consignments of munitions are expected to use the new route in the coming months amid fears that militant action by pacifists could prompt violent clashes with opposing groups.

Protests in Arnhem and Zwolle in January led to counter demonstrations from pro-NATO groups and a national coordination centre was recently set up in the home affairs ministry to help maintain public order (Rtr).

CSO: 3120/41

TRAINING CENTERS FOR NEO-FASCISTS IN LEBANON

Rome L'ESPRESSO in Italian 20 Dec 81 p 24

[Article by Pierluigi Ficoneri: "The Rome-Beirut Axis"]

[Text] In Lebanon, which Alibrandi visited, there are training camps about which the judges are fully informed.

Rome--Alessandro Alibrandi also found refuge in Lebanon. He was an "ultra" youth of the right. He was killed on Saturday 5 December in Rome during a firefight with the police. He had arrived in Beirut early in September last year while all of Italy hunted black terrorists on orders of the magistrates investigating the case of the Bologna massacre. Alibrandi had remained in a falangist paramilitary training camp north of Beirut for about 2 months together with two other neo-fascist youths: Walter Sordi and Stefano Procopio. Then he had moved to England where he was protected by the League of St George, an organization that harbors and protects nazi-fascist escapees from half of Europe.

For Italian neo-fascists, Lebanon was a very important recruiting and training center for guerrilla warfare. That was so at least until 1978 when the first taps were placed on the telephones of several important leaders of the subversive right by Roman Magistrate Mario Amato. He was assassinated by the NAR [expansion unknown] in June last year. In Beirut and in an area north of the Lebanese capital, the Christian-Maronite Kataeb of Bashir Gemayel has established several military camps (the camp of Aqura is famous) where Italian and German terrorists go through a difficult training course for about 2 months. A Trieste youth, in a letter intercepted by the Rome district attorney's office at the end of 1979, said, "It is a hard life that we 'young fascists' accept gracefully in order to rescue the homeland." However, he telephoned home in the evening to reassure his mother, or to ask--as established by a telephone tap by the Bologna prosecutor's office--for "the latest long-playing record by the Pooh."

There is a constant flow of Italian rightist extremists to these camps. At least 100 Italians in the past 2 years, the prosecutors investigating black subversion say, received training in Lebanon. They arrived at random from almost all of Italy but the heaviest "traffic" came from Trieste, and was guided by the local section of the FUAN [University Front of National Action]. The method of obtaining an entry visa for Lebanon is simple and has been repeatedly tested. The apprentice guerrilla goes to Athens, Cyprus, or Paris and asks the Lebanese consul for a visa.

Then he waits. Within a few days the Christian-Maronite centers of Milan, Rome and the Veneto forward the necessary supporting documents and he gets a visa. Paris, Azzaro, Cettin, Grilz and the two Lai brothers, Livio and Ciro, all Triestines used this method. And many others did the same.

Camil Tawil, official representative in Italy of the United Lebanese Force, was arrested in Bologna last June. It was suspected that he might be the person who directed the young recruits to that country. Tawil's defense was, "No foreigner ever came to Beirut to support our cause. But a penitent Triestine confessed to the prosecutors that he had gone to Lebanon with the aid of a Christian-Maronite representative. Thus Tawil ended in jail for withholding evidence.

The falangist paramilitary camps have always been under careful surveillance by the prosecutors who are investigating the massacre of 2 August. This is proven by a large number of telephone taps and a number of letters from and to Lebanon which were sequestered from several rightist extremists. However the investigations did not lead to anything conclusive. Now, however, there is a new event. There is a new path that leads from Beirut to Bologna and in a short time, it is promised, it could supply the evidence that the investigators have been seeking for more than a year.

The prosecutors and a handful of carabinieri who follow this trail have ascertained that a very special falangist training camp exists in Beirut. It has no wartime training facilities, no firing ranges, no guerrilla warfare instructors. The camp is off limits even for soldiers of the United Lebanese Forces. It is under the direct control of Bashil Gemayel and Spanish and German fascists. There are no instructors, but experts who teach them how to use very sophisticated high-technology instruments for explosive devices. According to the investigators, several important leaders of the Italian subversive right under the guidance of a course leader went to this super camp before and after the Bologna massacre. The course leader is an Italian, his cover name: Alfredo.

6034
CSO: 3104/85

MLSPB SMASHED IN ISTANBUL OPERATION

Istanbul HURRIYET in Turkish 4 Dec 81 pp 1, 11

[Text] A series of operations conducted by security forces in Istanbul resulted in the complete collapse of the Marxist-Leninist Armed Propaganda Union (MLSPB) and the arrest of a group of 48 more of the organization's terrorists, including 11 women. It was discovered also that the militants were manufacturing "Mat" type guns which they called "6 June."

Omer Mujdat Tekinalp, the terrorist who robbed the Okmeydani Branch of the Construction and Credit Bank on 4 September 1981, killing two gendarmerie soldiers and taking their guns, was arrested during the operations. In a shoot-out with security forces, Talip Yilmaz was taken wounded and the body of Cebraill Dinc was recovered.

Also in a raid on a lathe-machine shop in Icerenkoy, four of the Mat type automatic pistols were found which they manufactured themselves and called 6 June 1981, the date on which four top-level organization leaders had died as the result of an earlier armed clash between terrorists and security forces.

Also, nearly 4 million liras in Turkish and foreign currency which terrorists had taken in the armed robbery of a department store was recovered.

The First Army and Istanbul Martial Law Command's report on the operations follows:

"First Army and Istanbul, Canakkale, Eiirne, Kırklareli and Tekirdag Provinces Martial Law Command, Press and Public Relations Branch, Press-Broadcast Release:

"1. As the result of a series of operations carried out by security forces in Istanbul, 48 members of the illegal Marxist-Leninist Armed Propaganda Union (MLSPB) were arrested.

"Captured among them were Omer Mujdat Tekinalp (unhurt), who killed gendarmerie commando soldiers Yasar Guney and Dursun Saylan and escaped with their rifles and ammunition during the robbery of the Okmeydani Construction and Credit Bank Branch on 4 September 1981 and two militants who failed to respond to the order to halt, Talip Yilmaz (wounded) and Cebraill Dinc (dead), and efforts are in progress for the apprehension of other suspects in the incident, Suat Ilgi and Galip Kokucu [as published; occurs later as Koruyucu], also known as Atilla Mavi.

"2. Seized in searches of one glazier's and one stationer's shops belonging to the organization and nine organization houses which they rented as family dwellings were the rifles and ammunition of our fallen soldiers and

"--24 pistols of various calibers and makes,

"--32 pistol clips,

"--300 pistol bullets,

"--2 timed hand grenades,

"--9 gelignite [blocks],

"--8 electric fuses,

"--2 typewriters,

"--Gun cleaning materials, time fuses, materials used in making explosives, a large number of organization documents and intelligence collected for death squad actions, plus

"3. In the search of a lathe-machine shop in Icerenkoy, 4 Mat type automatic pistols which were manufactured at this shop and to which they gave as a name the date 6 June 1981 on which four of the organization's top level militants were taken dead as the result of an earlier clash with security forces, 6 clips, 9 barrels and 5 handles.

"4. Also seized were:

"--3,857,699 Turkish liras,

"--1,730,000 Italian lire,

"--4,960 francs,

"--2,860 shillings,

"--1,170 marks,

"--410 dollars,

"--23 pairs of shoes and 6 montgomerys wrongfully taken by militants of the same organization in the 4 October 1981 robbery of the Zeytinburnu Derimod store and all perpetrators of the incident were arrested.

"5. It was determined according to preliminary findings that those arrested were involved, in addition to the killing of our 2 gendarmerie commando soldiers in the line of duty, in the deaths of 28 people including 1 soldier and 1 policeman, the wounding of 10 people including 2 policemen, robberies of various businesses, jewelry stores and the Kocasinan Tax Office and raids on bank branches and stores, some of the perpetrators of which incidents had been seized earlier in various locations of the city on various dates.

"The occupations of the 48 persons arrested, including 11 women, are"

"Student, 8; teacher, 1; laborer, 13; professional, 8; housewife, 5; unemployed, 13."

How Were They Arrested?

Yusuf Ziya Sulekoglu, a founder of the MLSPB who had been at large since the arrest of the central committee, was arrested along with Ayse Fusun Biber, sister of the terrorist, Suleyman Biber, who is now lodged in the Metris Military Prison. After that, the organization began to fall apart bit by bit. Yusuf Ziya Sulekoglu (code name: Imam), Abdullah Sahin (code name: Kunta Kinte), Hunkar Satilmis (code

name: Optik Ali), Metin Sahin (nickname: Cetin), Muzaffer Karatas (code name: Kaddafi) and Adnan Alin (code name: Hoca), a middle school teacher in Konya, are understood to be implicated in the Derimod robbery on 4 October in Kazlicesme. The money, 6 leather jackets and 23 pairs of shoes the suspects stole were seized.

Also among the suspects arrested was Nilufer Kucuktay (code name: Ufaklik [Tiny] Ayse), who is understood to be involved in the killing of 4 people in an armed attack which took place in front of the Davutpasa Kale Key Factory on 4 September 1980.

The principal killings in which the arrested MLSPB militants participated are:

Seyfullah Eksinglu in Kusdili, 4 Americans in Florya, Ahmet Cetin in Caglayan, Kemal Akbulut in Haskoy, Arif Uzum and Mehmet Ciro in Zeytinburnu, Aslan Sivri and Mehmet Akcicek in Haskoy, police officer Muzaffer Tas in Caglayan, Ozcan Korkmaz in Tozkoparan, Omer Yumak in Caglayan, Mecit Kursun, Esin Baslamisti and Ataman Siktas in Gungoren, 4 unionists at the Kale Key Factory, teacher Hasan Yildiz in Tozkoparan, Orhan Ergene and Selahattin Akyol in Cennet Quarter, soldier Mustafa Karpuz in Kucukcekmece, the Israel Airlines director and 2 soldiers in Okmeydani.

Tayfun Bilgin, known as the organization's explosives expert, Suat Ilgi and Galip Koruyucu [as published] reportedly fled to Palestine [as published]. It was learned that other organization militants being sought, Hayrettin Can and Ayhan Pakyurek, joined Palestinian camps earlier.

8349
CSO: 4654/95

BRIEFS

OIL IMPORT PROJECTION--Greece's expenditure for oil this year will be reduced by reduced by \$630 million compared to last year's and oil purchases will be out by 1,730,000 tons, Industry and Energy Minister Anastassios Peponis said on Wednesday. The Minister explained that this reduction will come about through the replacement of 520,000 tons of crude oil with 500,000 tons of finished products and the purchase of crude oil with 500,000 tons of finished products and the purchase of crude oil through inter-State contracts instead of private agencies as in the past. Furthermore, he said, total consumption of oil this year is expected to be somewhat smaller than the previous year. Mr. Peponis also said that the Ministry plans to have 3,340,000 tons of oil reserves at the end of 1982--enough to meet the country's needs for four months, instead of 2,250,000 tons required by EEC regulations.
[Athens ATHENS NEWS in English 5 Feb 82 p 9]

CSO: 4600/261

PLANNED ORDER OF USSR NATURAL GAS HALVED

The Hague ANP NEWS BULLETIN in English 2 Feb 82 pp 3-4

[Text] Groningen, February 1--Dutch gas utility NV Nederlandse Gasunie said today it had decided to halve planned natural gas imports from the Soviet Union because of the failure of Moscow to place orders with Dutch firms for the planned Siberian pipeline.

A Gasunie spokesman said lower Dutch gas requirements than initially expected were also behind the decision to seek imports of only two million cubic metres of gas per year from the mid-1980s onwards.

Initially the Gasunie had planned to negotiate a 20-year deal involving the supply of four billion cubic metres a year.

Negotiations with the Soviet Union on the price of the gas are still in progress and agreement was likely by mid-1982, the spokesman said.

Dutch Economics Minister Jan Terlouw said in a radio interview today there had been no pressure from the United States to reduce the planned gas purchases following the introduction of martial law in Poland.

'The Polish question is of course under discussion in the Netherlands but it has had no direct bearing on our negotiations with the Soviet Union,' he added.

The Netherlands is less dependent on Soviet gas than other West European countries. Two billion cubic metres a year is less than 10% of Holland's existing domestic natural gas sales, the Gasunie spokesman said.

The Soviet Union plans to export 40 billion cubic metres to west European countries a year and has virtually wound up its talks with West Germany and Italy. The talks with the Netherlands and France are still in full swing, the Gasunie spokesman said.

Huge East-West Deal

In what has been described as history's biggest east-west trade pact ever, the Soviet Union wants to sell up to 40 billion cubic metres of Siberian gas a year to western customers, led by West Germany and including France and Italy, from the mid-1980s.

The deal would mean West Germany getting 30 per cent of its gas from the Soviet Union, twice as much as today. The U.S. has objected arguing the NATO allies would come to depend too heavily on Moscow for strategic energy.

But West Germany's Ruhrgas has already signed for 10.5 billion cubic metres a year from 1984.

West German, French, Italian and British companies are to supply most of the equipment for the 4,500-km Siberian gas pipeline. The Gasunie spokesman today complained Dutch industry had not even been given a single order.

CSO: 3120/40

WORLD BANK PROVIDES GREEK CYPRIOT PORT AID

Istanbul DUNYA in Turkish 23 Dec 81 p 4

[Text] A report on Greek Cypriot sector ports says that Britain sold a total of \$405 million in goods and bought goods totaling \$147 million. The World Bank provided \$8.5 million in aid for development of Greek Cypriot port services, according to the report, and the Greek Cypriot sector's port authority (CPA) is now making technical improvements at the Limassol and Larnaca Ports.

Since the Famagusta Port, the hub of the island, remains in the Turkish sector as a result of the Turkish Peace Operation, the Greek Cypriot administration has been developing Limassol Port and has now almost completed an important highway between their own sector of Nicosia and Limassol.

When expansion of Limassol is completed in 1983, its annual cargo discharge capacity is expected to be raised 10 fold.

Ever since the oil problem burst out in the Middle East, the Greek Cypriot sector has pursued noteworthy development of its relations with the Arab countries. In fact, Syrian, Lebanese and Saudi Arabian firms are now investing significantly in the Greek Cypriot sector and the Greek Cypriots have reportedly earned millions of dollars in the Suez Canal, thanks to the 240-mile Larnaca free port zone alone.

Authorities say that the Famagusta free port zone in the Turkish Cypriot sector has not gained sufficient international recognition and, owing to other influences, smuggling has been growing in the Turkish sector and its economy, conversely, has remained tight, while great commercial development is taking place in the Greek Cypriot sector.

In fact, waiting time for ships at the Larnaca and Limassol ports in the Cypriot sector is steadily growing at present owing to the lack of port facilities. At the first of the year, mixed cargo class ships were waiting at Limassol for up to 7 days, while the normal port delay at Larnaca was 2 to 3 days.

It is announced that, thanks to the \$8.5 million in aid provided the Cypriot Port Authority, abbreviated CPA, by the World Bank, container docking facilities will be completed on the eastern side of the container port and the tug shed in the southern section will begin service.

The new addition to the 480-meter container dock will bring it to 1,280 meters and it will be equipped with two gantry cranes with a 35-meter span and a lift capacity of 45 tons, according to the report.

The report also indicates that fork lifts and other moving equipment have been obtained for the 13.5-hectare container area with the World Bank credit, thus bringing the port's equipment up to the most modern standards, and points out that container traffic is steadily increasing, taking a significant chunk of the total loading-unloading growth rate of 25 percent-30 percent in general cargo shipping with its annual 6 percent increase.

The new container docking facilities at Limassol, at a cost of \$11 million, are expected to be open to traffic early in 1982.

It is of note that the docks have an 11-meter draft, allowing them to handle ocean-going containers, and the Greek Cypriot administration is advertising the port as an important transit port between Europe, South America and the Middle East in particular.

After its investment in the Limassol and Larnaca ports, the CPA will reportedly convert the Vasiliko Port facilities into a major port for the new superphosphate/sulfuric acid complex and the new cement factory.

The Greek Cypriot sector is gradually raising its exports of high-quality artificial fertilizer, processing phosphate rock imported in bulk and ammonia brought in by reffer ship.

8349
CSO: 4654/101

REASONS, REMEDIES FOR ECONOMIC CRISIS WEIGHED

Hamburg DIE ZEIT in German 1 Jan 82 p 15

/Article by Michael Jungblut: "Fear of Falling. Prospects for 1982: Only by a Broadly Conceived Readjustment Plan Can the Crisis Be Overcome"/

/Text/ If there was anything worse last year than the course of the economy, it had to be the predictions of the course of the economy. Never before had the experts from the various economic research institutes been so far off the mark (See Table 2; Prediction and Reality 1981). Thus even those few points where their shots were on target, or even near to it, have to be chalked up to chance rather than to the judgements of the experts themselves.

The economic experts did not even have the excuse that unpredictable political or economic occurrences had given a surprising turn to the course of events. There was neither an oil price explosion nor a new Afghanistan nor an unexpected wave of strikes. And the crisis in Poland will only make itself felt in international economics in 1982. Granted that the momentary and sharp rise of the dollar exchange rate was cause for some concern. Yet this happened to work to the advantage of German industry: the export boom surpassed all expectations--especially those of the economic experts.

Under these circumstances the institutes and their experts can hardly expect their predictions for 1982 to be taken all too seriously--especially since political influences which are really incalculable will ensure even more uncertainty. The crisis in the East can also have dramatic consequences for the economy worldwide.

But even without the shadow cast by events in Poland upon the year to come, a look into the future does not give cause to cheer. Nowhere are signs of a new boom to be found or even a hint of a "custom-made recovery" which on the one hand could assure a reduction of an intolerable unemployment rate or, on the other hand, prevent a new inflationary thrust or even allow a consolidation of public financing.

Just the opposite is more likely. The imminent danger that the number of unemployed in Germany will increase sharply--it is no longer taboo to talk about a figure of 2 million--increases the risk of a political panic reaction. Employment programs costing billions of marks would hardly contribute to creating any significant number of permanent jobs. It would, however, assure that the minister of finance, despite all good intentions, would either have to raise the national debt still further or increase the tax burden.

One would be as bad as the other. A higher new public indebtedness than is now planned would cost us confidence both within and without the country and lead to increased pressure on the DM (downward) and on interest rates (upward). This could cost even more jobs than an employment program financed in such a way, would ever produce. A further increase in taxes would have no better effect. Even today high taxes and social welfare levies are hampering initiative, provoking tax chiseling and bringing about a growing migration of both employees and employers into the "underground economy."

The crisis, which in 1982 will likely make itself felt even more strongly than last year's--more unemployment and further shrinking incomes seem to be inevitable from today's perspective--has many causes. Structural change in the economy forced on us by the oil crisis is only one of them. Other potholes along the way to today's misery were: an all too mindless wage policy, as result of which labor is far too expensive; the apparently cost-free exploitation of the environment; an inefficiently constructed social security safety net; the subsidy of obsolete large concerns and the inadequate support of smaller and newer businesses; a wildly rampant bureaucracy, which threatens increasingly to stifle initiative; too many reforms which have tested the resilience of the economy but not enhanced it, and--in part as a consequence of all this--too small a scale of investment and an atrophy of capital resources of individual enterprises. Small wonder that in the past year alone some 11,000 of them no longer had the strength to survive in an ever worsening economic climate. Similar mistakes have been committed in all Western industrialized countries, even though the accents may be differently placed.

There can be no patent medicine for overcoming the crisis, neither for an individual country nor for all the Western industrial countries together. The causes of the sickness must therefore be sought out one by one and then dealt with specifically--though within the framework of an overall concept. This will, of course, be a slow and painstaking process. But a sickness with a long incubation period cannot be healed overnight, it needs instead a long convalescence. Anyone waiting for a miracle will wait in vain.

The Federal Republic has become a prime case for reorganization. Many of our institutions must be reformed, many of our old modes of behavior must be changed if the country that once experienced an "Economic Miracle" is not to collapse into permanent economic misery. Among other things, this will require:

--That the parties to wage contract negotiations look for more up-to-date forms of wage and benefit allocation and say goodbye to primitive bargaining for wage percentages;

--that the advance of bureaucracy be halted and the proliferation of laws, regulations and questionnaires be kept to a tolerable and necessary minimum;

--that the state concentrate its support upon new enterprises rather than on the maintenance of dying industries;

--that firms, in particular the Federal Railways, be managed in accordance with economically reasonable standards, so that the public budget not be saddled with billion mark losses, which in the end are indefensible;

--that the state withdraw from all areas of enterprise where private initiative could produce better results;

--that the entire system of social welfare be thought through anew. It must be made to serve the general interest of commonwealth and not lead to its exploitation. Especially in the area of health care those practices must be changed which today make a reasonable behavior of patients, doctors, health insurance funds and hospitals administrations almost impossible.

The fulfillment of such demands assumes a strong political will, because the necessary restructuring of our institutions, which in many cases are programmed for waste, must be more thoroughly thought through with regard to their consequences than were the mass-produced reforms of the 1970's. They will also have to be pushed through in the face of opposition from an alert and belligerent clique of entrenched interests, because there is not a single abuse from which one or more large groups cannot profit handsomely. Thus the necessary measures can only be undertaken if and when the burden upon the general public becomes all too oppressive.

To this degree the present crisis also affords an opportunity. The question is only how painful it will have to be to be able to overcome the resistance to the necessary economic readjustment of the Federal Republic. Yet until these problems are tackled, there will be no permanent resolution of the crisis, but at best only short term remissions with relapses to follow.

Table 1

Downhill With Brakes On: Prognoses for 1982

Expected Changes, 1982 Compared With 1981, in Percentages

	<u>Council of Experts</u>	<u>Joint Report</u>	<u>IWW Kiel</u>	<u>Trade Unions</u>	<u>Fed'l Gov't</u>	<u>Platow</u>
Economic Growth (GNP, real)	0.5	1.0	-1.0	1.0	1.5	-1.7
Prices (Cost of Living Index)	5.5	4.5	4.5	5.5	5.0	5.5
Private Consumption (Real)	-0.5	0.5	-0.5	0.5	0.0	1.2
Investment (Gross, real)	-3.5	-3.5	-	-3.0	0.0	-4.0
Equipment	-2.0	-2.0	-5.0	-1.5	-	-2.0
Plant	-4.5	-5.0	-5.0	-4.0	-	-5.0
Exports (Real)	6.0	5.0	2.0	5.0	7.0	3.5
Imports (Real)	3.0	3.0	2.5	3.0	4.0	2.5
Income						
Wages and Salaries	Gross 3.0	3.5	2.0	4.5	4.0	-
	Net 2.0	3.0	-	3.0	-	-
Profits and Dividends	Gross 8.5	7.5	4.5	4.5	8.0	-
	Net 9.0	7.0	-	5.5	-	-
Unemployed, in millions (Annual average)	1.6	1.6	1.	1.5	1.6	1.7
Performance Balance (Deficit in DM bill.)	-10	+0	-12*	-12	-12	-20

- 1) 1980/81 Annual Report of the Council of Economic Experts
- 2) Fall Report 1980 of the Independent Economic Research Institutes
- 3) Institute for International Economics, Kiel
- 4) Institute for Economics and Social Science, German Federation of Labor
- 5) Working Group for Economic Evaluation, Nov/Dec 1981
- 6) "Platow-Letter" Prognosis

* Mean Value

Table 2

Prognosis and Reality 1981

Anticipated and Actual Changes Compared With Previous Year, in Percentages

	1981 <u>Actual</u>	Council <u>of Experts</u>	Joint <u>Report</u>	IWW <u>Kiel</u>	Trade <u>Unions</u>	HWWA	Platow
Economic Growth (GNP, real)	-1.0	0.5	0.0	-1.5	0.0	-0.5	-3.0
Prices (Cost of Living Index)	6.0	4.0	4.0	4.0	4.0	4.0	4.0
Private Consumption (Real)	-1.5	2.0	1.5	0.5	1.5	1.0	0.3
Investment (Gross, real)	-3.5	-0.5	-2.0	-4.5	-2.0	-	-8.0
Equipment	-3.5	3.0	-0.5	-4.0	-0.5	-1.5	-5.0
Plant	-4.0	-3.0	-3.0	-4.5	-3.0	-4.5	-10.5
Exports (Real)	6.0	0.5	0.0	-2.0	1.5	-1.0	0.0
Imports (Real)	1.5	0.5	-0.5	-3.0	1.5	-1.5	-0.5
Income							
Wages & Salaries	Gross 4.5	4.0	4.0	3.0	5.0	3.5	-
	Net 3.5	3.5	4.0	-	4.5	3.5	-
Profits & Dividends	Gross -3.5	4.5	4.0	-1.0	2.5	3.5	-
	Net -2.0	5.5	3.5	-	3.0	-	-
Unemployed, in millions (Annual average)	1.3	1.1	1.1	1.15	1.1	1.13	-
Performance Balance (Deficit in DM bill.)	-22	-22	-20	-24	-	-20	-33 to -35

- 1) 1980/81 Annual Report of the Council of Economic Experts
- 2) Fall Report 1980 of the Independent Economic Research Institutes
- 3) Institute for International Economics, Kiel
- 4) Institute for Economics and Social Science, German Federation of Labor
- 5) HWWA Institute for Economic Research, Hamburg
- 6) "Platow-Letter" Prognosis

9878

CSO: 3103/229

AUTO INDUSTRY SEEN ON ROAD TO RECOVERY

Zurich NEUE ZUERCHER ZEITUNG in German 29 Jan 82 p 16

[Article: "Germany's Car Manufacturer's Are Catching Up--Offensive on the Export Markets"]

[Text] Munich, 27 January--Last year the German car manufacturers managed to overcome the second oil crisis of 1979. Some damage was of course done in some places (e.g., VW's drastically reduced profit margin), but the industry as a whole probably saw its low point during the middle of last summer. It is true that new car registration statistics in Germany show a drop of 4 percent, or 2.33 million passenger cars. However, the German car manufacturers were able to more than compensate for the losses in Germany with an aggressive export strategy. Exports, amounting to 1.95 million units, constituted an increase of 4 percent over the previous year and, in view of foreign purchases, total production of 3.58 automobiles exceeded last year's production by 2 percent. This resulted in a sharp reduction of part-time work and employment could be kept at the previous years' level.

Japan Slowing Down

The German export offensive is in contrast to the rather unexpected slump in Japanese cars on European markets. While in the FRG there was talk one year ago of Japanese voluntary restriction to a 10.5 percent share of the market, actual market developments resulted for the Japanese not so much in voluntary restriction as it did in losses caused by competition. Toyota, Honda and Nissan reported losses of more than 10 percent for the first 10 months. Only Mitsubishi was able to show a growth of almost 12 percent.

Among the principal reasons for the declines suffered by the Far East sellers are: A loss of price advantage caused by the rate of exchange; pending problems of the maintenance organization and customer service; defects in manufacturing quality; and severe drops in price on the used car market. In the FRG, it is said that these difficulties did not surface right away, as might have been expected. German manufacturers add to this list their own efforts to recapture their markets. Among other things, the industry in the FRG now invests about DM 9 billion, about triple the amount invested in 1976.

No one can tell at this moment how soon Japan will be able to recover from this setback. At the BMW works in Munich the limitations of the Japanese export miracle can be clearly discerned. The competitors are said to be capable of greater productivity, but not to have markedly higher level of technology. Another obstacle

appears to be the fact that Japanese enterprises have a very limited capital base. Nevertheless, there is no intention of coasting along on the basis of last year's achievements. The example of trade with Switzerland (where the Japanese achieved successes only on their second try) proves that [the Germans] are dealing with a competitor who learns very rapidly.

Stead, Profit Margins at BMW

There is no doubt that automobiles bearing the BMW insignia are not typical of the average German car production. Their annual production of 351,545 units amounts to about one-fifth of VW/Audi production. BMW's share of the German market barely exceeds 5 percent; VW's is at least 30 percent. These figures by themselves make it clear that the two manufacturers are shooting for entirely different market segments. Nevertheless, BMW, which traditionally is the first to hold its annual retrospective conferences, gives the first indication of last year's results for German manufacturers. As is true for many sectors of the industry, BMW's sales successes too are caused by increased exports. Altogether 349,000 automobiles were sold (+ 3 percent), of which 210,500 units were sold in foreign countries (+ 6 percent). Exports therefore accounted for 60 percent. Of this, sales in the United States increased by 13 percent (to 42,000), in Great Britain by 27 percent (20,000) and in France by even 40 percent (25,000). The only decline of almost 2 percent occurred in the FRG. BMW participated in the motorcycle boom (new registrations rose by 60 percent in the FRG) with an increase of 13 percent (33,000 units).

As to sales, the BMW AG recorded DM 7.8 billion (+ 13.4 percent) and the overall corporation DM 9.5 billion (+ 17.6 percent). However, according to initial calculations, profits did not keep pace with these enormous growth rates. Nineteen Eighty-one profits probably remained below the previous year's AG profits of DM 160 million. That does not mean however, that the profit margin of this manufacturer declined, since cash flow probably continued to increase. During the previous year the net cash flow (profits, writeoffs and reserves) amounted to DM 538 million; gross results (including interest and taxes) were DM 892 million. Large investments made during past years (for 1981, DM 800 million in the AG, DM 1 billion in the overall corporation) have caused a special increase in the need for writeoffs. A similarly large investment volume is budgeted for the current year.

9273

CSO: 3103/240

BRIEFS

RESEARCH PROJECTS WITH CHINA--Bonn--The FRG Ministry for Research and Technology plans a series of new cooperative research projects with the People's Republic of China. This was announced to the press by Secretary Hans-Hilger Haunschmid. The secretary headed the Bonn delegation at the second session of the German-Chinese Commission for Scientific and Technological Cooperation which took place in Peking, 21-24 October. Haunschmid emphasized that in this area of cooperation activities had gone beyond the mere exchange of delegations and gave the number of joint research and technology projects as 30. This year the research ministry will allocate funding in the amount of DM 10 million for this purpose. Among new projects he cited the establishment of a research laboratory for coal liquefaction in China, various projects in the area of ore exploration and mining and, in the area of production technology, the introduction of a word processor for Chinese characters developed in the FRG. According to the research ministry, China intends to purchase 6,000 of these modern machines initially, but plans eventually, upon mastering requisite production techniques, to manufacture them internally under license from the German enterprise.

[Text] [West Berlin OST-WEST-KOOPERATION in German Dec 81 p 199] 9273

CSO: 3103/240

PAPANDREOU ECONOMIC MEASURES SEEN INITIALLY CAUTIOUS

Johannesburg THE CITIZEN in English 16 Feb 82 p 6

[Article by Neocosmos Tzallas]

[Excerpts]

ATHENS. Four months after coming to power in Greece, the Socialist Government is having difficulties putting flesh on the bones of its ambitious economic and social programme, economists say.

Prime Minister Andreas Papandreou has said he believes Greece can be nudged out of recession without adverse effects on the balance of payments or the already high 25 per cent inflation rate, through greater control over key sectors of the economy and narrowing the gap between the high and low paid.

But economists say the Government's failure to spell out specific details of how these policies will be implemented is causing uncertainty among potential foreign and domestic investors.

Economic realities have also forced Mr Panandreu to backpedal on plans to socialise a large part of private industry.

So instead of the much-vaunted first 100 days' programme which the Greeks were told would cure many of their ills, the country's first Socialist Government has as far announced only a series of

palliative measures to cope with specific problems.

These measures include tighter controls on credit to industry and commerce, the narrowing of the gap between high and low income groups by indexing wage increases to inflation, and introduction of tax adjustments that will benefit those earning less than 80 000 drachma a month.

Mr Papandreou has said credit controls will aim to prevent savings being channelled into speculative investment.

The future direction of bank credit, he says will be set by the government and implemented by a reorganised Bank of Greece, to ensure that lending conforms to Government economic policy and financing regulations.

The State already controls about 80 per

cent of the banking sector and, through these banks, influences the greater part of the economy.

About 20 branches of foreign banks and three Greek private banks are to be closely scrutinised so that their activities do not run counter to the national interest.

Mr Papandreou plans a system of criteria for approval of foreign investment proposals, such as employment stimulation, export promotion and technological development.

But the absence so far of specific details of these plans has made Greek and foreign investors cautious.

As a result, Mr Papandreou has had to warn the private sector that if it continues to hesitate, the Government, through its State-controlled investment banks, will go ahead with productive investment in their place.

For key industries, such as mining, shipyards, steel and cement, the Government is introducing a system of supervisory councils. These will comprise representatives of the companies' management and labour force, the State and local government.

The aim will be to bring corporate planning and policy into line with the Government's objectives. But again, the economists say, the exact powers of the councils have not been defined.

The Government also plans to review the circumstances of about 100 major enterprises and a larger number of smaller firms on the verge of bankruptcy.

Those not found to be viable for economic or social reasons will be allowed to collapse, and the rest will be given financial aid to carry on, subject to social control by participation of labour and local government in future management. — Sapa.

ECONOMIC

GREECE

BRIEFS

MINING COMPANY NATIONALIZATION--Industry Undersecretary Dimitris Pitsioris said on Wednesday that the State has accepted in principle the offer of the Lavrion Mines Co. to sell out for the nominal sum drs 15 million. According to the terms of sale, the State will also pay the mother company Benaroja an indemnity of drs 500 million in foreign exchange, plus drs 100 million payable in Greece as well as 150 million in severance pay and indemnities to the personnel. [Athens ATHENS NEWS in English 5 Feb 82 p 9]

CSO: 4600/261

OFFICIALS, PROFESSOR VIEW ECONOMIC DEVELOPMENTS FOR 1982

Introduction

Amsterdam ELSEVIER'S MAGAZINE in Dutch 9 Jan 82 p 10

[Text] We are all saying: Happy New Year! We said the same thing last year. But economically speaking, it turned out to be a very bad year. And 1982? For many people things will be bad again, perhaps even more wretched than in 1981. For the time being, the polar night which has descended upon us does not seem over yet. The unemployment figures keep going up and prosperity is about to collapse. We have an urgent need for more jobs, but they do not come out of the government's hat. How do we get more people back to work then? True to tradition, ELSEVIER'S MAGAZINE asked four prominent individuals for their views for the New Year.

Together on the Offensive

Amsterdam ELSEVIER'S MAGAZINE in Dutch 9 Jan 82 pp 10-12

[Article by Dr J.C. Terlouw, minister of economic affairs]

[Text] The fact that, economically speaking, 1982 will be a difficult year is already certain. A look at the international situation is sufficient to warrant this somber opening sentence. The extent to which we will be able to keep these difficulties within boundaries will depend largely on our willingness -- in spite of mutually contradictory interests -- to do what is needed together.

International Picture

The world economy continues to drag. For the time being, the polar night which has been holding the world economy in its frigid grip for a considerable length of time now, does not seem to be over yet. Just recently, the OECD adjusted its expectations concerning international volume development downwards. Production growth in the industrial countries is now being estimated at approximately 1.5 percent, and this moreover assumes that a gradually increasing recovery will take place during the second half of 1982. Actually, this is as yet very uncertain. However, the development of the fight against inflation and against imbalances in the balance of payments seems somewhat more favorable than had been anticipated earlier.

Meanwhile, however, nearly everywhere in the Western world unemployment has risen to such a level that for many people it has raised the specter of the thirties, even though social benefits are generally quite a bit better now than they were at the time.

The somber situation also fairly often gives rise to doubts about the effectiveness of the system of the -- directed-- market economy.

And yet, in my opinion, the system of, in principle, free enterprise production still holds all the opportunities to achieve more satisfying results in the development of job opportunities and income. At least, the current recession has not proven the opposite, although we have to admit that a goodly number of the phenomena which have occurred have not been satisfactorily explained yet. As far as recovery is concerned, a great deal will depend on whether the leading countries in the world succeed in restoring the confidence of both investors and consumers. In this regard, more effective international economic cooperation is urgently needed.

Among the various leading countries, ideas about the most effective approach are still too far from having a common denominator. Thus, conflicts among politicians and economists about the merits of a supply side policy versus those of a policy more oriented toward actual demand, respectively the controversies between monetarists and fiscalists, are not making the development of strong international co-operation any easier.

Nevertheless I believe that the ever increasing growth of international economic interdependence and the social problems which have increased in numerous countries, will lead to internationally closer cooperation in the fight against recession and unemployment. It is indeed vitally important that a common approach be developed and that it not be frustrated at the international level by dissension.

National Situation

The latter also applies to no lesser degree to our national problems. As a matter of fact, the prospects for our economy are still bad, even though in certain respects the estimates for 1982, which the CPB [Central Planning Office] published in November 1981, were somewhat better than the ones reported in the Macro Economic Estimate of last September. Thus, real national income could increase by approximately 2 percent in the coming year and the balance of payments would show an even more sizable surplus. As a matter of fact, the latter is not unconnected with the very weak trend of investments. What is encouraging is that it will be possible to push inflation back further in 1982 than had been anticipated earlier. It also appears that a stabilization rather than a further increase of the already far too high earned income quotas could take place in 1982.

Everything considered, however, the picture of our economy in 1982 remains very unsatisfactory. I am naturally then thinking specifically about the high level of unemployment and the extremely low growth of investments in business and industry. A recovery of investments in business and industry is and remains the most important condition for a lasting improvement of total employment. In this framework, the government's policy in the coming years will remain oriented toward limiting public taxation and pushing back the financing deficit, which would create more room for the necessary earnings recovery in enterprises. The commitments to this effect included in the government agreement will have to be strictly adhered to.

Good progress has already been made in recent years on improving competition via a moderation of labor cost hikes. The fruits of this are becoming apparent in that we are winning back some of our share of foreign markets which had gone down in previous years. In the somewhat longer term, this will undoubtedly also benefit employment. It would be extremely damaging if the good progress made in the area of labor costs were to be weakened once again. I hope and have confidence that the social partners will recognize the fundamental importance of a moderate labor cost increase with regard to the CAO's [Collective Labor Agreement] to be concluded for 1982.

A moderation of taxation and of labor costs is necessary to the recovery of the economy. But this alone will not get us there. It is my firm belief that the most important key to a lasting economic recovery lies in an aggressive policy, borne by all sections of our society, aimed at the renewal of industry and of the commercial rendering of services. We will have to take advantage much more actively of the high potential and positive opportunities which technological developments in various areas also -- and often specifically -- have to offer to our country. If we do not do this, then we will remain too passive and then the eighties will become increasingly more difficult. Those who lose the fight against obsolescence in this decade, will not be a first rank industrial nation in the early nineties. We should not allow ourselves to be misled by the weak rate of economic growth which still prevails now in the world as a whole. Beneath and at the surface of this level of activity, dynamic processes of change are taking place, which will result in the coming years in large shifts in production and consumption structures. We will have to participate in this, our economy will have to adjust itself to this.

The already existing -- and certainly also developing -- potential for innovation in our country is definitely not small. It is of the utmost importance to mobilize and expand this potential energetically. In this respect, the Industrial Projects Company [MIP], for which the government will shortly give the go-ahead, will be able to play a useful complementary and stimulating role. The MIP will have to devote itself intensively to getting large, high potential commercial projects off the ground which, because of the risks and the financing involved, are mostly beyond the scope of an industrial enterprise. To this effect, the MIP will be able to start in 1982 with a working capital of 330 million guilders. This together with the multiplier effects of the risk capital, which will have to be found in cooperation with banks and enterprises, will make it possible to give significant new impulses to the renewal of industry.

In addition, aside from the WIR [Investment Account Act] subsidies and the IPR [Investment Incentive Area] payments, various financial instruments are available from the government for medium sized and smaller businesses which are interested, independently or as ancillary suppliers, in moving toward new technological developments.

I have no doubt that in the eighties, business and industry will have opportunities galore to develop further and thus create new jobs. Of course, these opportunities will have to be recognized and seized by the enterprises. I will do my utmost to stimulate business and industry -- which in principle will have to make this come true itself -- in this sense.

Shoulders to the Wheel

Amsterdam ELSEVIER'S MAGAZINE in Dutch 9 Jan 82 pp 12-14

[Article by Professor J. Weitenberg, assistant director of the Central Planning Office]

[Text] Exactly 1 year ago, in this same magazine, I predicted that the Western industrial countries were headed for the imminent danger of a serious recession. Collapsing world trade and the appearance of an at that time still veiled protectionism, would then be inevitable. With as direct consequences for small countries with very open economies: production decreases, company closings and especially sharply rising unemployment. An internationally coordinated approach alone could yet have prevented the threat of a year ago from coming true.

Alas, last year's prophecy became nearly completely true. I note this with regret, and not with a feeling of satisfaction about this nearly perfect prediction. Only the also predicted open protectionism... thus far failed to materialize.

What has happened in the international arena during the past year? At first it seemed to be going so well, when the recession in the United States did not materialize and the first quarter of 1981 closed with very high growth figures for industrial production. Would the very important economy of the United States once again help us in Western Europe to get back on our feet? And were various West European countries at that time hit with a recession which would be only short-lived?

The further course of history proved different. Following the so successful first quarter, during the next quarters the recession also hit hard in the United States. The number of houses being built reached a new low, and attained a level of less than half the usual number. Automobile sales in the United States also experienced a deep slump, because income prospects became somber and the 20 percent nominal interest rate was at an unprecedented high. In real terms, the United States was less out of key because at that time the rate of the price increase was still above 10 percent. Noteworthy when compared to other countries is the fact that investments in business and industry in the United States did not decline further, after having been somewhat reduced in 1980. And even though the United States may have a high real interest rate, until recently there was little wrong with the profits of business and industry. Meanwhile, this picture has been substantially changed under the impact of the double dip recession. Now the American business world is also beset with weakened liquid positions and asset proportions which are becoming less favorable.

Elsewhere in the industrial world, 1981 was an extremely disappointing year, especially in the area of investments in business and industry. Volume reductions of approximately 5 percent set the trend, with favorable variations (Japan, Italy and Switzerland) and unfavorable ones (Denmark, England and the Netherlands). Combined with the substantial drop in housing investments and the sizable reductions in the purchase of consumer durables (cars, trailers, pleasure boats, house textiles, etcetera), production activities went down, specifically in Europe, more than in the United States. The eating into the inventories, whereby not only the reduction in sales but also the high real interest rate were important, also contributed to this.

Within the economy, the disappointing turn of events gave rise to stronger austerity and rationalization trends. This resulted increasingly in the closing of whole enterprises or in the elimination of certain lines of production, the sad end result in both cases being mass dismissals. In the public sector, all of this created an ever wider wedge between income and expenditures. Public income decreased in real terms as a result of drops in real income, while expenditures strongly increased as a result of the payment of unemployment benefits, high interest rates and increasing financing deficits. It looks as if in many countries the public sector has gone adrift and the financial management of the public sector is no longer controllable. Belgium, Denmark, and recently also Sweden, are the most obvious examples of this, but other countries in the West also find themselves faced with the necessity of implementing far-reaching reforms and cuts in their public finances. The need for this becomes all the more urgent as, along with the public balance, the balance of payments on the current account is farther removed from its position of equilibrium and the gold and foreign currency situation no longer tolerates any further delay (for example, Italy).

For our country, the consequences of this international recession worked out as anticipated. As a matter of fact, international demand for raw materials and manufactured products declined and the price of these goods came under pressure, including the price of crude oil. This did not mean that these prices would go down, but rather that they would increase less rapidly. As far as the price movement is concerned, this makes the differences with the thirties very striking indeed.

Hence, our exporters were faced with shrinking markets and price competition became more pronounced. As a result, a variety of prices only barely covered costs (steel, paper, ships, cars, etcetera). In every case the profit margins shrunk further. However, in the middle of all this darkness we should also mention a single bright spot. During the past year, our exporters have succeeded in regaining part of the territory which had been lost earlier. In spite of the receding international demand on the various commodity markets, Dutch industry managed somewhat to increase total exports. It seems unmistakable that this is the first positive result of the labor cost moderation of recent years. This has led to an average improvement of the competitive position with regard to foreign countries, that is to say: the competitive disadvantage we had accumulated in the past has been partially offset.

During the past year, our rate of inflation also represented a bright spot. Similar to the case in the previous year, consumer prices went up 6 to 7 percent. In comparison with most other industrial countries, the Netherlands scores very favorably in this respect. However, a few months ago, as a result of these differences in rates of inflation within the European Community, a technical revision of the European exchange rate arrangement became unavoidable. Aside from the direct disadvantages connected to this in terms of the competitive position, this adjustment of the exchange rate has helped lay the foundation for a continued positive achievement in the area of inflation.

However, the above mentioned bright spots are clearly overshadowed by the many negative points in our economic situation. Investments in business and industry dropped by no less than 10 percent, housing construction went down more than 5 percent and private consumption was reduced by 3 percent, as were public investments. In short, domestic sales suffered greatly in 1981. Under these circumstances, a

shrinking of industrial production by a few percentage points was inevitable. Consequently, the number of bankruptcies and business closings was substantial, and there was a sizable reduction in the number of job opportunities. Between the end of 1980 and the end of 1981, unemployment rose by approximately 150,000 man years. This factor alone increases expenditures in the public sector by an extra 3 to 4 billion guilders. Furthermore, because of the current size of the deficit, there is an additional amount of 3 billion guilders which must be raised every year to cover interest payments. These two expenditure components together illustrate what gigantic problems the financing of the public sector will run into if there is no economic growth or, worse yet, if this growth is negative. Thanks to budget cuts and especially thanks to added taxation, the increase of the financing deficit during the past year was presumably limited to 8 percent of the national income (it was 7 percent in 1980).

In conclusion for the past year, one more bright spot should be noted. The current account of the balance of payments closed with an unexpectedly large surplus of 5 billion guilders, while the year 1980 had produced a deficit of the same size. Three factors are visible in this reversal: the energy richness of our economy, the recovery of our international competitive position and the sagging of our domestic expenditures.

Will the new year for once be favorable? I am afraid that the answer to this question will have to be negative. In spite of the by now obvious reduction of the real interest rate, this will not immediately give rise to an expansion of investment activities and to an increase of consumer spending. For the time being, entrepreneurs will take a wait and see attitude and will direct their efforts primarily toward a reduction of their debt position. Consumers will remain cautious in their buying behavior, because many people feel threatened by the ghost of unemployment. Governments will want to reduce their deficits, because otherwise private industry would be crowded out of the capital market and there would be a threat of further impairment of job opportunities in the market sector, with the inherent consequences for the government budget.

Moreover, it is desirable to limit government deficits in order to reduce the impact of interest rates on the upward trend in government expenditures. Governments will want to achieve this reduction of their deficits specifically through a cut in public spending, but will presumably succeed only partially in the short term.

For the time being, the international economic climate will remain tuned in a minor key. Yet, some expansion of world trade can be expected, because there will come a time when the process of eating into our inventories will come to an end. Also, certain consumer purchases cannot be postponed indefinitely. In other words: the modest growth of world trade is primarily technical in character.

This time, price prospects are also relatively modest. Following the double digit increases of recent years, the price hikes for internationally traded commodities will only be a few percentage points now, at least when calculated in guilders.

The domestic market components continue to go down, but much less so than in the past year. Our exports will improve even more, at least as long as the further recovery of the international competitive strength of our industry remains the guiding principle in wage negotiations. This would be coupled with a growing

surplus in the current account of our balance of payments, which should at the same time result in a further drop in the real interest rate. In spite of the expected decline of the domestic market, some production growth could be achieved through exports. Nevertheless, this would be insufficient to stop the downward trend in employment, but the extent of the loss of jobs in the market place would clearly weaken. For now, the profit and earning positions remain extremely vulnerable. Finally, to reduce the financing deficit under these circumstances will be very hard.

The above is not very cheerful. Even the achievement of this definitely not optimistic picture will require the necessary efforts. This requires a common approach, both international and national. As far as international policy coordination is concerned, I would like to refer to my New Year's wish of last year. As for the national approach, I express the hope that we will put our shoulders to the wheel together. After all, it is in the interest of all of us that the Netherlands return to a healthy economy.

Recovery Through Greater Effort

Amsterdam ELSEVIER'S MAGAZINE in Dutch 9 Jan 82 pp 14-15

[Article by W.E. Scherpenhuijsen Rom, president of the Board of Directors of the Netherlands Trademan's Bank]

[Text] An employer often readily wishes his colleagues "good business." However, these days it is not always possible to express this wish without reservations. Indeed, 1981 was most disappointing for business, and even though at the beginning of last year there was still talk of an economic revival, many people are honestly wondering with me in what branches of industry this revival is supposed to have taken place.

These days the government and the civil servants are also making frantic efforts to wish industry "good business." But in spite of the best intentions, it could well be that the entrepreneur would dislike such a wish. Indeed, it is the government which, through social contributions, taxes and price regulations, has monopolized the financial space of industry for so many successive years and so irresponsibly. In this situation, both the substantially increased energy prices and the high interest rate have made demands on the shabby remainders of productivity and liquidity. The government seems to have a hard time understanding all of this, as evidenced by the implicit acceptance of the substantial increase in the number of bankruptcies and of the dismissal of labor forces in our country. Hence, the government's wish for a good 1982 has little power of persuasion.

Moreover, the prospects for economic growth are not very hopeful. It may be that the situation in the United Kingdom will improve somewhat and that a slight revival will occur in the course of 1982 in the FRG. But because there is a lack of consumer confidence in our country, retail trade is facing another bad year. There is also a lack of jobs, specifically in the independent sector of housing construction and the sales volume of the numerous enterprises, which are dependent on the construction industry, is stagnating. As long as exports are not exerting a strong attraction and the overall spending of the consumers remains stable or goes down, competition among the medium sized and small enterprises will increase.

As a result of this, substantial income reductions must be authorized and, in too many cases, company activities are ended. Never before has the relationship between profit, sales volume and the risk of management been so upset in the medium sized and small businesses. The low solvency of the medium sized and small enterprises is now taking its toll. When misfortunes accumulate, one's own assets melt away like snow. Hence, the first requisite for an economic recovery is an increase in the power of resistance. Therefore I wish the old and the new providers of their own assets "good business" in 1982. The large demand for this has become visible now that the guarantee regulation for private profit-sharing companies has taken effect, and now that there seems to be interest in any case in the establishment of such organizations.

The market is on the move and this offers a good starting position for a significant flowing in of risk bearing capital at a time when the profitability of industry is being restored. But it will be a big assignment to provide a sufficient counterweight to the loss of one's own assets which is currently manifesting itself.

In the final analysis, the recovery of job opportunities and of economic activity can occur only through a profit recovery in the enterprises. Hence, I wish the entrepreneurs a government which not only understands this, but which also conducts a strong policy in the matter.

It must be noted that some social discussions have long since been overtaken by reality. Thus, the unions argue that they first want an assurance that a salary reduction will indeed produce more jobs, before participating in this salary cut. With all the company closings and trimming down the members of their cadres have to handle, it should be clear by now that profits equal jobs and that no profits means no jobs.

Hence, I also wish that the employers at the upcoming decentralized wage negotiations will have workers organizations to work with which have calculated how many jobs are lost per percentage point of labor cost increase.

Finally, I would like to express the wish that this year the working people in our society may be in the news spotlight. At a time of inadequate economic growth, a reduction of working hours would not be proper, but only an increased work effort provides hope for economic recovery. This work effort must be made by more people, employers and co-workers. Just as in recent years the vicious circle in our economy reduced the chances of industry, limited government spending, caused interest rates to go up and once again hindered the financing of industry, so could the spiral also work in a different direction. A lowering of the interest rate, for example, could produce more economic growth and thus larger tax payments, which would lead to the creation of more room first in the market sector, and later in the public sector.

It will take some getting used to, but it is high time in the year 1982 once again to talk about entrepreneurship and about work in the market sector. Only then will it be possible to bring together the means to pay for the public commodities and services we consider to be necessary.

Limiting Treasury Outflow

Amsterdam ELSEVIER'S MAGAZINE in Dutch 9 Jan 82 pp 15, 17

[Article by Professor Dr F. Hartog, professor at the University of Groningen]

[Text] The road to economic recovery is partly a question of what happens abroad and partly what happens domestically. We have next to no influence on what happens abroad. What happens domestically is to a large extent determined by government policy. A determining factor in this regard is the financing deficit. It will drop drastically if we find the road to recovery back, because of the then anticipated increase of tax and benefit receipts.

But at the same time, a sizable reduction of the deficit is a condition for economic recovery, to the extent that the latter is determined by what happens domestically. As a matter of fact, the deficit has reached such an alarming level that it has begun to paralyze the economy. It fans inflation further in so far as it is financed through the creation of money, it crowds private investors off the capital market in so far as it is financed through new loans, and it creates doubt in foreign countries about our credit worthiness. For 1981, the financing deficit for the government as a whole, including social security and guarantees for housing construction loans, amounted to approximately 25 billion guilders. A similar deficit is to be expected for 1982, even with the extra budget cuts of the middle of November 1981. The extra budget cuts are being swallowed up by the unpleasant surprises which cropped up after the 1982 budget had been turned in. Thus, the deficit still gets the better of us. It is now expected that the government appeal to the capital market will be of approximately the same size in 1982 that it was in 1981, once again including the guarantees for housing construction loans.

Thus, it is enough to make one despondent. Is there no prospect at all of getting out of this bind?

Let us first look at two possible, incorrect policy options. They are being specifically mentioned because both of them represent serious temptations. Things will go wrong if we give absolute priority to either employment or the reduction of the deficit. Priority to job opportunities in the sense that once again more money is thrown into it, no longer helps. The resulting deficit increase would noticeably backfire via an increase of inflation, even higher interest rates, and the loss of the confidence of the outside world. Thus, as far as this is concerned there is no longer any latitude left.

But the other extreme, namely an absolute priority to the reduction of the deficit, would also be wrong. Experience has taught us that to tackle the deficit from the side of the expenditures is extremely difficult. This could lead to a reduction of the deficit from the other side, through a tax increase. However, this increases unemployment. Specifically with such a policy, the deficit would begin to lead its own life as a goal for economic policy. Now that a very large number of businesses are on the point of collapse due to the very high cost level, it is no longer possible to effect a tax hike. Things have gone too far to be able to effect deficit cuts this way.

Hence, there is no other choice than to proceed with tenacious perseverance and patience on the difficult road to bringing the increase of expenditures under control. To set such a development in motion is yet to succeed. It is precisely this

setting into motion which is the most difficult. Once we have stopped the flywheel, it will presumably be less difficult to turn it back. The upward spiral of higher public expenditures, and thus higher taxes, and thus higher wages, and thus more unemployment, and thus even higher public expenditures, could in principle be reversed into a downward spiral, using multipliers which work in the opposite direction.

The most promising is probably a strong deceleration of wage increases. This has at the same time a healthy impact on public finances through a downward pressure on government salaries and social benefit payments, and in the somewhat longer term through a limitation of unemployment benefits. The latter is related to an improvement of our competitive position as a result of the fact that Dutch wages lag far behind foreign wages.

But the government cannot dictate private wages. A new wage measure is very unattractive, especially because the government itself has already ruined the climate for it by imposing higher taxes. As matters stand now, it seems that all the wrong things from the first and second option have been shoved together, specifically spend a lot of money to fight unemployment and finance it partially through increased taxation. Thus, the possibility of implementing the above mentioned downward spiral through drastic cuts in wage hikes, has already been lost.

I believe that as far as all of this is concerned, the policy will have to be completely reversed. There is little choice but to start the downward spiral by offering both parties on the labor market substantial tax reductions, on condition of a sizable deceleration of the wage hikes. This money will return as a result of the above mentioned compensation effects. But that is not sufficient. Even with the best intentions, the financing deficit can no longer be stretched temporarily. It will be necessary to find the money to cover the tax decrease beforehand. And this throws us back to the tenacity of the expenditures.

And yet, there is one difference with what is happening now. The restraining of public spending, as it occurs today, is coupled with a policy without any prospect of economic recovery. The setting into motion of a downward spiral which offers good chances of getting out of the paralysis, could change all that. In that case, to put the knife to spending would be considered healthy. In this respect, I am thinking of the maximum 25 billion guilders in budget cut possibilities produced by the governmental rethinking of expenditures. I am also thinking about the reduction of social benefit payments without touching the acquired rights, through the implementation, over a period of a number of consecutive years, of a 5 percent abatement for new benefit recipients. I am also thinking of a rapid ending of all support which is intended artificially to keep individual enterprises on their feet.

With the right policy, the deficit should no longer be our master. However, it is high time to get started with this right policy.

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CSO: 3105/79

UNION FEDERATION THREATENS STRIKES OVER SICK BENEFITS

Rotterdam NRC HANDELSBLAD in Dutch 29 Jan 82 p 1

Text Amsterdam/Nunspeet, 29 Jan--The FNV Netherlands Trades Union Federation Council (parliament) will call out the unions affiliated with the federation for strike actions, if the employers refuse to pay after 1 April the supplement up to 100 percent of the sick pay benefit.

According to a spokesman of the FNV (over 1 million members), they are working hard in the federation on the "organizational preparation" of strikes which probably will take place on 1 April.

The cabinet's proposals about the Health Insurance Act include a limitation of the sick benefit to 80 percent of the last gross wages earned (with a maximum), the introduction of a premium payment for sick workers of all social premiums and the establishment of 5 day waiting period for employers.

If parliament approves the restrictions on The Health Insurance Act, employer and employees will acquire the freedom to negotiate about sick benefits not covered by the law, but that must take place within the wage variation of approximately 6 percent allowed by the wage decree. The FNV now demands that the employers pay the benefit of 20 percent not covered by the law and moreover guarantee payment of the full cost of living adjustment.

Also the Graphic Arts

Yesterday the FNV Industrial Union (250,000 members) announced that it would not refrain from resorting to the strike if the employers are not willing to pay the sick benefit for the full 100 percent. The FNV Graphics Union, Printing and Paper, will also call on its employees to strike, if necessary, against reducing the sick benefit. The FNV public service union, ABVA [General Federation of Civil Servants] KABO [Catholic Federation of Government Employees].

Chairman Groeneveld of the industrial union said yesterday: The politicians do not understand that the intervention clashes with the trade

union movement's feeling of justice. They must keep their hands off the CAO's Collective Labor Agreements, whether they are now called Den Uyl, Meijer, Van Agt or Van den Berg.

According to Groenevelt, the trade union movement has acquiesced in parliamentary decisions up till now, but this measure cannot be justified to the members. "The limits of the acceptable will be exceeded, if parliament authorizes the Health Insurance Act plans."

Moreover, the industrial union will not strike if parliament approves the cabinet's plans. And they will strike against the employers, if they refuse to pay 100 percent of the sick benefit.

The union council of the FNV Industrial Union authorized the executive committee yesterday to open the strike fund, if necessary. Alternatives are not negotiable for the union, as long as no coherent policy is outlined.

Groenevelt declared: "As long as natural gas profits, the family allowance of the higher paid and black market money circulation are declared sacrosanct, talking with the trade union movement about the Health Insurance Act makes no sense."

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CSO: 3105/93

IMPROVEMENT OVER 1981 ECONOMIC ACHIEVEMENTS EXPECTED THIS YEAR

Madrid EL PAIS in Spanish 2 Jan 82 p 31

[Article by Carlos Gomez: "Mediocre Spanish Economic Balance for 1981 Constraints with Optimistic Government Expectations"]

[Text] The year which has just ended "was, in the best of cases, mediocre." Beyond the sterile polemic on whether economic growth in 1981 was slightly positive, neutral, or even slightly negative, this statement by Juan Antonio Garcia Diez, minister of economy and commerce during that fiscal year and first vice president of the cabinet for economic issues for the past weeks, clearly reflect the stagnant situation in our economy. And it is in contrast with the optimism evidenced concerning economic management early last December by the prime minister, Leopoldo Calvo Sotelo y Bustelo, to the plenary congress which was debating the general state budgets.

The prospects for 1982, as occurred in December of 1980 in relation to the last fiscal year, appear in the opinion of all--administration, private experts and specialized international bodies--as favorable to a certain recovery in the Spanish economy.

As in 1981, the key lies in principle in the level of efficiency in the government's economic management and the determination of the business sector to invest.

In October of 1980, the government set forth its economic expectations for 1981 in the draft state budget law. Months later, Leopoldo Calvo Sotelo, in the inauguration address last February, summarized his economic program in six major categories. The results, to judge from the latest indicators, have been uneven, to say the least.

Energy--The Main Pitfall

Just a few weeks ago, Calvo Sotelo set forth to the congress with pride and frankness the achievements of his cabinet in the first main section of his economic policy.

The reduction in energy consumption per unit of product, which began in 1980, continued during the first half of last year at a rate of about two percent. In the first 6 months of 1981, coal consumption increased 16 percent, while oil production dropped 5 percent.

The nuclear option has been forcefully asserted (80 percent increase in production in the first half of the year), energy sources and suppliers have been diversified, and a realistic price policy has been pursued.

Finally, the National Hydrocarbon Institute was established and the revision of the National Energy Plan has already been announced.

The energy policy, which has been favored by the high level of stability for prices of crude oil (only partially disturbed by the changes in dollar parity), has in the opinion of experts been rather favorable.

However, it is necessary to add to the balance set forth by Calvo Sotelo that imports of oil were up by 111 percent in value and 93 percent in tonnage last October in comparison to October of 1980, and that during that month and also November, the demand for electricity dropped by more than 2 percent.

The prospects for 1982 point toward stability in international prices for crude oils, which might be offset to some extent by new dollar revaluations. The effects of the drought, on the other hand, will be reflected in a certain increase in oil imports.

Investment and Employment

The second category of major economic activities set forth by Calvo Sotelo was focused on achieving greater dynamism in the productive apparatus through greater investments to improve profits and create stable jobs.

Jaime Garcia Anoveros, minister of finance, set forth the belief of the government, when he presented the 1981 budget, that unemployment would show only a feeble increase during the last fiscal year.

The reality, however, was not consistent with the expectations of the government. In December of 1980, there were 1,393,000 registered unemployed persons in our country, while by last October the figure had increased to 1,650,000.

According to the experts, the number of unemployed persons could be rounded off as of 31 December last at two million. And all of this despite the fact that there was a trend toward improvement, although slight, in investments, which may have increased by 3.5 percent in real terms (2 percent in the private sector and 1.5 percent in the public sector).

Calvo Sotelo himself, in the assessment he set for to the congress, admitted that "the best figures on inflation in costs and prices, investments and foreign trade have not as yet produced the important and desired change in employment figures." In the view of the prime minister, "reducing the relative cost of labor is the hardest and most painful task in economic policy." The fact is, however, that labor costs have continued to exert heavy pressure on prices, despite the low level of demand. "The increase in average compensation per hour worked," according to the CEOE, "came to a rate of about 20 percent during the first 7 months of 1981, as a result not only of the average earnings per capita but also the planned reductions in the labor days."

And all of this occurred with a wage increase of less than the preceding year because of the effects of the Interconfederation Agreement Framework (AMI), and an increase in productivity.

The prospects for 1982, in principle, favor a reduction in these costs, but this was already the case in December of 1980 with regard to last year.

The National Employment Agreement has replaced and expanded the content of the AMI, productivity will continue to increase and social security costs have been reduced. However, there are many doubts about the commitment made to create 350,000 jobs.

High Level Inflation Continues

Jaime Garcia Anoveros, in presenting the 1981 budgets in October of 1980, voiced the expectation of a 13.5 percent increase in consumer prices for last year.

However just a few days ago, Vice President for Economic Issues Garcia Diez announced that inflation in 1981 ran to about 14.5 percent.

The decline by a point or a point and a half in the rate of inflation in comparison to that in 1980 (when it was about 15 percent) is important, but in the view of private experts and the leftist parties, it is too costly for a situation of economic stagnation and an increase of about a half a million in the total number of persons unemployed.

The government estimates for 1982, regarded by various observers as very optimistic, set the rate of inflation at 12 percent.

Industrial Reconversion--The Keystone

Industrial reconversion, another of the essential aspects of Calvo Sotelo's economic policy, was launched during the second half of 1980.

The plans have already been signed for 6 of the 10 sectors initially included in the reconversion scheme, which account for the vast majority of the funds allocated for the 3-year period--something over 600 billion pesetas (budget aid, guarantees and government credit).

As compared with this reconversion, much criticized because of its sectorial and indiscriminate nature (some 20 sectors are lined up in the industry and energy categories), the flaccidity of industrial activity has been one of the characteristics of 1981.

"Industrial production (excluding construction) is developing very feebly, to the point," the CEOE says, "that real gross in 1981, if any, will not exceed some tenths of a percent."

Foreign Trade and Liberalization

Calvo Sotelo told the congress that the available foreign trade figures indicate satisfactory development in at least three directions: increased exports, their geographic distribution and the trade balance results.

In its last situation report, the CEOE said that "The spectacular increase in exports during the third quarter of 1981 requires certain explanations so that it will not be interpreted as a change in trend (in the two preceding quarters the rates were negative), due in part to pure statistical computations.

The latest official figures on foreign trade, pertaining to October, indicate an increase of 55.4 percent in imports and 13.7 percent in exports, in comparison to the same months the preceding year.

The steps taken to liberalize the financial system, although timid, have been effective, to judge from the results.

The poor development in agriculture, the high public deficit (which has exceeded the estimates for yet another year) and the monetary policy provided the background for the 1981 fiscal year and their effects will continue through 1982.

Gross National Product Up One Percent

The Spanish gross domestic product, according to Ministry of Economy and Commerce estimates, increased by about one percent in 1981, despite the fact that this was an exceptionally unfavorable farm year and the international economic context was mediocre, with the gross domestic product of the European Economic Community countries showing a drop of about one percent.

The most recent NOTA ECONOMICA released by the General Economic and Social Security Policy office, says moreover that the majority of economic indicators available suggest that in the most recent period, the improvement in the general aspects of balance in the Spanish economy appears to have continued, and that a certain recovery in its rate of activity, although only within moderate limits, may have occurred during the second part of the year.

The process of recovery was stimulated by the foreign sector and a certain firming of domestic demand, explained by the considerable improvement in ability to compete with foreign sources, achieved thanks to the moderation of wage costs, the effective adjustment of the peseta and a gradual reduction in the rate of inflation, which with an increase of 0.8 in November, showed a drop to an annual rate (from the preceding 6 months) of 12.7 percent.

Stabilization of Unemployment

According to the publication released by the General Economic and Social Security Policy office, a relatively favorable development of overall employment appears to have occurred in the last quarter of last year, such that unemployment remained practically stable despite the strong and continuing decline which had

been occurring since the middle of 1977. However, because of the considerable increase in the active population in that period, the level of unemployment has gone up again to 14.7 percent of the active population.

The number of those employed in the strict sense of the term declined by 2,900 during the third quarter of the year, while the decline for the same period in 1980 was 40,500. At the same time, the cumulative decline for the first three quarters of 1981 was 196,700, as compared to 308,500 for the comparable period the preceding year.

All sectors of activity, except industry, showed a positive trend in employment in the third quarter. This was particularly true of services, a sector in which progress was made from negative rates of variation in 1980 to a positive rate of 0.3 percent as compared to the preceding year.

With regard to domestic demand, the most dynamic components continue to be investment in machinery and public investment, with the latter affecting the civil project construction subsector. To this must be added a certain recovery in private consumption following the decline which appears to have occurred in the first part of the year.

The most recent data obtained on foreign trade confirms the positive effect the foreign sector is having on economic activity. Exports of goods show an annual average rate of growth for the cumulative January-October period of about 10 percent in real terms, as compared with a drop of 3.4 percent in imports.

5157
CSO: 3110/76

INCREASED INVESTMENTS IMPROVING BASQUE COUNTRY ROADS

Madrid ACTUALIDAD ECONOMICA in Spanish 21 Jan 82 p 23

[Text] In 1981, the 520 employees the Ministry of Public Works had in Guipuzcoa and Biscay were transferred to the Basque government, since the roads in Alava were and continue to be under the jurisdiction of the regional government body. At the beginning of this year, the Council for Territorial Organization and Public Works had 470 employees transferred by the state and three other persons working on contract for that department. According to what its chief, Javier Lasagabaster, told ACTUALIDAD ECONOMICA, the investments made in roads by the Basque government during the last 5 years of 1981, with that personnel, totaled 2.5 billion pesetas, representing an increase of 100 percent over the preceding year. With the entry of the economic agreement into effect in the month of August and the resulting autonomous government financing made available, the general highways office under the jurisdiction of that council launched a plan to renovate the road network involving maintenance, cleanup, reenforcement of surfacing and road marking, both horizontally and vertically, along with the repair of small infrastructure projects.

Along with the implementation of these tasks, which had been greatly neglected in these two provinces, work was pursued on the completion, also with Basque government budget funds, of a series of projects planned by the central administration, including the alternate Larrabeza and Enekuri routes, in Biscay, and the first phase of the Vergara alternate in Guipuzcoa.

Access Roads to Rontegui

Javier Lasagabaster said that in the road sector in 1982, "the Basque government will launch projects for the structural organization of the region, to which end investments totaling 3.1 billion pesetas are planned, representing an increase of 30 percent over the preceding year." The most expensive project within this plan in Biscay will be the building of access roads to the Rontegui Bridge. Built over the Bilbao estuary for the basic purpose of linking the two banks of the Nervion so as to avoid a detour--of up to 20 kilometers, in some cases--and to relieve traffic congestion within the urban center of Bilbao, the bridge was completed 3 years ago, but to date the access roads have not been planned. The so-called Ugaldetxu solution has already been approved by all of the municipalities involved, and calls for access roads on both sides of the Bilbao estuary and, on one of its branches, a highway giving access to the superport. Once the

reclassification of the land has been approved, which it is expected will occur by the middle of February, the expropriation process will begin, allowing the project to get underway in April. This project, which will take about 2 years to complete, will involve a total investment of 9 billion pesetas and a saving in social costs of about 1.7 billion according to a study made by the council. Other major projects included in the improvement of access roads to Bilbao scheduled to begin shortly are the renovation and straightening of the road leading into the Santo Domingo heights and the completion of the Durango alternate.

A Third of What is Needed

The largest project in Guipuzcoa is the dividing of the roadway on National I from Madrid to Irun along the Tolosa-Beasain section, which will require a total investment of 6 billion pesetas, excluding the Idiazabal alternate route and the consolidation of the slower Echegarate port road with this same highway. Another important sector involves the completion this year of the alternate routes and inter-alternate links all along the Deva Valley, from Malzaga to Escoriaza, requiring an investment of more than 700 million pesetas. It is also hoped that by the end of this year, the planned link between San Sebastian and the Navarre highway can be completed, and that the reduction of toll fees on the last section of the highway between Bilbao and Behovia can be effected, or as the case may be, a highway built calling for an investment of 1.7 billion pesetas.

In all, the Basque government will invest about 17.4 billion pesetas in roads in Biscay and Guipuzcoa during the next 3 years. This sum, although substantially greater than what has been invested to date, is little more than a third of the 50 billion pesetas needed, in the view of the general director of highways, Ignacio Odriozola, to bring the road structure in the Basque County up to the European standard.

5157

CSO: 3110/76

KETENCI CALLS FOR FREE UNIONS UNFETTERED BY PAST

Istanbul CUMHURIYET in Turkish 17 Dec 81 p 5

[Article by Sukran Ketenci: "Unions Must Not Be Suspect"]

[Text] Following the reports in our newspaper about the efforts on the National Security Council agenda to amend the Unions and Collective Agreement Law, Labor Minister Turhan Esener gave a statement to MILLIYET. There was no conflict between the reports and statement. They revealed that the projected amendments bear on the presently suspended union system and tend to be a reaction to the problems of implementation which emerged during the union system's 17 years of existence. Whenever implementation problems arose in any area, the route seems to have been taken, in seeking solutions, of restricting the rights which it was agreed had been abused in that area.

The route chosen has been to set detailed guidelines by law for the exercise of union rights and liberties. Yet in the many scholarly meetings which the distinguished minister, Professor Turhan Esener, has attended, in the textbooks and in Western practice, it has been pointed out that the major tenet in employee-employer relations is the avoidance of detailed regulation in the laws insofar as possible. It has been stressed that detailed regulation, even if not the intent or goal of the laws, comes to mean the restriction of inherent rights and freedoms in employee-employer relations, which require broad flexibility, and leads to increased illegal acts and undertakings. Laws 274 and 275, which are quite lenient compared to the new bills, are being criticized in this sense. Examples are given from Western systems to argue the need for development to come through collective agreements and litigation. Not to forget one further fact at this point, it is necessary to point out that past litigation -- and enforcement -- contributed to the present pass in which the employers and the unions, in supporting political administrations, have failed to do their duty. However, can the solution be restriction of the exercise of the rights abused?

Furthermore, neither the newspaper reports nor the minister's statements spoke of the entirety of Laws 274 and 275. Fears have perforce been aroused that there will be some restrictions, for instance, on the right to strike, which has never been questioned by the public. There is an attempt to resolve the worker-civil servant controversy by revising to an extent civil service rights (in the monetary sense), restricting labor rights by way of bringing them in balance with civil service rights and, finally, considering a large group of employees at the state economic enterprises as civil servants. Yet we understand that this problem is being resolved in the Western democracies by granting union rights to civil servants and expanding civil service rights.

There is one thing to which attention should be drawn in Labor Minister Prof Turhan Esener's statement. Revival of the question of fiscal oversight of the unions by law leaves the unions suspect and leads to the worker's loss of confidence in his organization. The laws in question contain no articles prohibiting union oversight. If, despite suspicions, there has been no union oversight, we have the past administrations to thank for this. As for past suspicions which are still very strong: The unions belonging to the Confederation of Revolutionary Worker Unions, whose activities have been suspended, have undergone inspection, not just of their finances, but to the extent of individual reports on all activities. Their leaders will be on trial after 24 December. It is always possible to conduct the same fiscal oversight of TURK-IS and its unions. To accuse the unions and leave them suspect without doing this can serve no purpose other than alienating the worker from his organization.

8349
CSO: 4654/102

FINANCE MINISTRY COMMUNIQUE TO REGULATE BROKERAGE

Istanbul HURRIYET in Turkish 23 Dec 81 pp 1, 19

[Article by Yavuz Gokmen]

[Text] Ankara (HURRIYET) -- The Finance Ministry has prepared a major communique on brokerage at the conclusion of lengthy, confidential meetings held behind closed doors. The communique, being issued to block the loss of people's savings and prevent further collection of money from the people, will be published in today's RESMI GAZETE and will become effective as of 31 December 1981. Only serious brokerages will remain in business after the Finance Ministry communique.

The communique, intended as an interim measure until the Capital Market Law goes into effect on 1 February 1982, sets strict guidelines for brokerages until the law becomes effective.

In the communique concerning Law No 2520 published in the RESMI GAZETE on 22 October 1981, 278 individuals and companies having applied to the ministry for permit renewal were listed. The listing, by name and title only, of the 278 individuals and companies was not to signify the automatic granting of their permits. The outcome was to be made known following assessment of their financial status. Upon the events, especially recently, to which the organizations and individuals described as market brokers gave rise, it seems that the government felt the need to limit the activities of individuals and organizations of this sort. And the communique in question was prepared.

Contents of Communique

1. Explanation of terms: This section bans use of the term "stock broker" by brokerage establishments. Brokers are to remove such words as "stock broker" and "broker" from their titles immediately. Brokers who fail to do so will not be licensed. The purpose of this article is described as preventing the defrauding of the public.
2. Qualifications for brokerage license: This section cites the qualifications from article 32 of the Capital Market Law. These qualifications are:
 - a) Brokerage firms must be incorporated. (Personal companies, limited collectives and all other firms may not continue to engage in brokerage.)

- b) Brokerage corporations may engage in no business other than trading in securities. (They may not engage in commercial and industrial activities.)
- c) Minimum capitalization for brokerage corporations will be 200 million Turkish liras. Establishments with less will not be licensed.
- d) At least 51 percent of the shares of brokerage corporations will be registered. (This makes it possible for the public to know who the shareholders of these establishments are.)
- e) Establishments fulfilling these conditions still cannot consider themselves "deserving of a license." The communique requires that the founders not have been convicted of any heinous crime and not have declared "bankruptcy" previously. Moreover, licenses will not be given "to those whose backgrounds and personal experience" are judged by the Finance Ministry as "not to be conducive to activities of this kind."

Let me explain this article: The Finance Ministry prepared the communique at the conclusion of research it had conducted to date on brokers. And each article has its corollary rationale. Finance Ministry experts saw the people who spend money freely in the casinos every night. They investigated the backgrounds and personal experience of many brokers. This is, in plain language, why the broker who meets the capital requirement cannot use it as a means of camouflage.

- f) Compliance with prior Finance Ministry laws and communes strikes us as an important condition for licensing. Those who have sought loopholes in prior Finance communes will not be licensed either.
- g) The condition which will tie brokers securely to the Finance Ministry and the Central Bank, restrict all their transactions and cause brokers the most trouble is this:

"Brokers will deposit 50 percent of their net resources at the Central Bank as security."

3. Areas of activity and operating procedures: The first part of the third major article of the communique takes the ability "to give credit away from brokers." Let us list these areas and procedures here:

- (1) These establishments may not make "loans." They will deal in securities only. Thus after being prohibited from accepting deposits, they are also prohibited from giving credit. Further, brokers may not engage in commercial and industrial activities.
- (2) The obligations which brokerage establishments may take on are limited to 15 times their liquid assets and reserve funds.
- (3) Corporations engaging in this business "may not trade in documents pertaining to their own financial obligations such as checks, notes, coupons, IOU's and portfolio guarantees or in stocks and bonds in their own operations."

(4) Corporations active in this area must send quarterly tables listing their securities and showing sales activity to the Finance Ministry "during the month following the end of the quarter." The ministry will determine the form these tables will take.

Effective Date of Communique

The communique will become effective 31 December 1981. Brokers trading in securities as of this date are required to meet the conditions listed and fulfill their obligations by 30 June 1982 (within 6 months).

The old applications of brokers failing to meet these qualifications and fulfill their obligations within this 6-month period will be invalid, and brokers in this situation will bring their "existing obligations" and liquidation plans to the Finance Ministry within 1 month and will be subject to liquidation.

The ministry is also announcing that all measures possible will be taken to prevent the brokers being liquidated from losing people's savings in the process.

8349
CSO: 4654/99

TURKISH-SOVIET TRADE TALKS GET UNDERWAY

Istanbul CUMHURIYET in Turkish 9 Jan 82 p 5

[Text] Ankara--Experts from Turkey and the Soviet Union began talks in Ankara 2 days ago in accordance with the trade agreement signed between the two countries in the past years.

It is reported that two issues are primarily discussed at the talks which is attended by experts from various organizations:

a. The first of the issues is reported to be trade relations. The talks focus on what goods the two sides will buy and sell from and to each other in 1982. Goods involved in trade in the past years are examined one by one and studies are made on whether these goods are still in demand by both sides. Also the amounts and prices of the goods are reviewed.

It is reported that future meetings of similar scope will determine what new goods will be included in the trade agreement for 1982.

b. Officials state that "the most important issue to be discussed is the elimination of the clearing system that exists between Turkey and the Soviet Union." Trade relations between Turkey and the Soviet Union are based on "mutual exchange of goods" [between the two countries]. In other words, if, for example, Turkey buys from the Soviet Union goods worth \$200 million, it sells back goods of equal value; "goods in exchange for goods" are given and taken.

Officials state that "work is under way to change this system." Thus the officials have confirmed that work is under way "to move Turkey toward a trade system based on free flow of foreign exchange"--as in the case of trade relations with other countries--and "to end the clearing system in effect with the Soviet Union." According to the experts trade in 1982 will continue to be based on the clearing system, but a new system will go into effect in 1983.

The [Turkish-Soviet] talks begun in Ankara are expected to last for 15 days and the resolutions reached are expected to be in line with the guidelines summarized above.

9588

CSO: 4654/139

EXPERTS COMMENT ON LENDING LAW

Istanbul TERCUMAN in Turkish 9 Jan 82 p 5

[Text] Istanbul--Six economists discussed the decree issued by the Ministry of Finance in connection with the "Money Lending Affairs Law." Professor Demir Demirgil maintained that "if an air of panic is created among depositors even the biggest bank in the world cannot meet its commitments let alone the bankers." Dr Demirgil proposed that a "Bankers Liquidation Fund" be established under the aegis of the Central Bank.

Former Minister of Finance Kemal Kirdas, Professor Demir Demirgil, Professor Erdogan Alkin, Professor Haydar Kazgan, Professor Yuksel Ulken and Professor Reha Porov expressed their views in connection with the decree issued by the Ministry of Finance on the "Money Lending Affairs Law No 2520."

Kurdas' Words

Kemal Kirdas said: "The banking system must be given broad relief from the burdens it is carrying. Thus, equality must be established between banks and bankers in relief and not in burdens."

Dwelling on the need for a "legitimate system of competition" between banks and bankers, Kirdas said that this will lead to a tendency to lower money costs and hence lending rates.

Professor Demir Demirgil, who proposed the establishment of a "Bankers Liquidation Fund" under the aegis of the Central Bank, said: "This way people who have deposited their money with bankrupt brokerage institutions will be certain that they will be able to get their money back within a short period of time and thus the atmosphere of panic they are in will be largely dispersed."

Professor Demirgil added later on: "If lenders attempt to take their money back before the agreed date of maturity no institution in banking, commerce or industry can remain intact. However, Turkey's current stability is very reassuring compared to other countries. What we have is a localized problem that concerns only a small part of the financial sector."

Professor Alkin's Views

Stating that the Finance Ministry's decree is "extremely positive" from a viewpoint of "future measures," Professor Erdogan Alkin said: "The only negative aspect of the decree is that it does not bring any retrospective measures; on the contrary, the decree is of a nature which may lead to the perception that all old procedures may be completely rendered invalid."

Professor Haydar Kazgan said that although the decree halts the activities of organizations which have collected money from the public in exchange for bonds and checks it has left the lenders to these organizations face to face with enforcement and bankruptcy problems. Professor Kazgan said:

"As is known these organizations have invested their funds mainly in real estate, construction and other similar ventures which do not provide quick cash returns. Thus their investments are in businesses from which it is difficult to cash the principal or the interest. Now, since they cannot maintain an adequate cash flow they will either have to go into buying and selling goods or stocks that can easily be transformed into cash or they will have to go bankrupt. The only way they can handle this new situation is by the way of mergers depending on the particular condition of each organization. Even then it will be very hard, even impossible, for them to meet their original commitments."

Professor Ulken's and Professor Porov's Words

Professor Yuksel Ulken maintained that "the Ministry's intervention is fundamentally correct--though very late--but its manner of implementation is, unfortunately, erroneous." Professor Ulken said:

"If all depositors decide to withdraw their deposits at the same time not only bankers but any bank in the world cannot withstand such a move. Therefore, if a policy was adopted such that the bankers' market would come under control gradually small and medium depositors who deposited their money with these institutions would suffer much smaller losses."

Professor Reha Porov said that the "wild" developments occurring in recent years in the activities of some brokers who call themselves "bankers" necessitated for some time a "transitory control." Professor Porov said:

"The newly introduced measures are right on target. However, the brokers are required to adjust their situation to the new conditions within 6 months or go out of business. Very few of them will be able to adjust to these new conditions. The honest banker must be put on the right track without depriving him of the means to meet his commitments when the time comes. No finance institution can meet its commitments in an atmosphere of panic. It is not just to put in the same basket those who are recklessly squandering the money entrusted to them and those who are turning the wheels in good will. Another measure that must be seriously considered is the establishment of a professional organization for the bankers which will remove the weeds from the profession. The liquidation of businesses not meeting the new conditions as specified in the 2d Provisional Article of the decree must be implemented with this approach."

EXPERT INTERVIEWED ON MOBILIZING UNDERGROUND RESOURCES

Istanbul DUNYA in Turkish 21 Dec 81 p 7

[Interview with Geological Engineer, Dr Eray Erdogan, by DUNYA correspondent Namik Ashiska; date and place not specified]

[Text] We spoke with Dr Eray Erdogan of MASU, a company that provides productivity, drilling and consulting services in the field of geosciences. We discussed issues concerning the level of work in Turkey in the field of geology, personnel problems and the nature of services in drilling and consulting in particular. Following is Dr Erdogan's answers to our questions:

[Question] Honorable Erdogan, could you please tell us about the founding of MASU, its goals and where it stands now? To what degree have you realized your objectives? In other words could you tell us about the history of MASU?

[Answer] We started the business in 1972 with the aim of providing engineering services. Our field of specialty is geological engineering. Our investments, for which there were incentives, began and grew in those years. When we set up MASU there were only three to five firms in this field (in Istanbul). There were also technical consultants called "sounders" who were involved in sounding work. I started the business in 1972 as a technical consultant. But I needed more than a few colleagues to provide an adequate engineering service in geology; this is necessitated by the nature of the subject. Even when you are an engineer you cannot master all the elements of geology. So we gathered colleagues who specialized in various geological subjects. These colleagues were university graduates who served in authoritative positions in public institutions and, believe me, at the beginning they worked for us without pay. But for them doing consulting work and thus contributing to the country's economy and doing our own drilling work was one and the same thing. A slowly emerging team work brought us to 1973.

In 1973, five of us first did some studies in connection with the water supply of Cim-San in Mersin. At that time other factories in the area could draw only 300 metric tons of water per day from their wells. With the help of our studies we could offer Cim-San three times that amount. Later on, we provided a water supply for Burosan in Kartal, Istanbul. These well-designed services to two giant corporations--the result of sound work on our part--proved to be fruitful. Professor Okay Froskay, chairman of the Department of Applied Geology at the University of Istanbul, willingly helped us by providing us with any information

he had available. Eventually we came to the conclusion that we should go into the business of sounding and drilling. During the first year we rented some equipment and started drilling wells. Now we have a staff of 30 people, 4 rotary-type machines, one winch assembly, 3 trucks, 2 cars, 2 compressors and enough equipment to operate 5 construction sites at the same time. Also at our disposal are analytical equipment, five geological and three geophysical engineers. Last March we introduced KUYU, an instructive publication dealing with geosciences and drilling. We are continuing our services with the momentum and enthusiasm with which we started.

[Question] What is the availability of qualified personnel in Turkey in the field of geosciences? Where, in your opinion, do our geoscience training institutions and the level of training stand? If there are problems on this issue what proposals would you put forth?

[Answer] There are two types of qualified personnel about which you are talking. One of them is generally known as the "geological engineer." The other one is the "observer" who acts as an assistant in drilling work and who still needs to complete his formal engineering education. Today there are 10 schools in Turkey for the training of engineers in the field of geosciences, but there is no unified curriculum. While hiring new people we take into consideration the school they graduated from. Only 3 or 4 out of these 10 schools can provide up-to-date training. Today there are also attempts in Turkey to establish new schools without an infrastructure. Very few students graduate from these schools with a desired level of perfection and competence. Those who get their training on the job are effective only when they personally work at it.

As for middle-level personnel, no training in that field is provided in this country. We have a great manpower potential in this country. We have many young people who graduate from high school but cannot enter a university; they have the potential to fill this mid-level void. You asked me what my proposals are. Let me explain. For example let us take the sounders. The sounders are hired as workers and they are given training. But only 1 out of 500 prospective candidates is given training. The MTA [Mining Research Institute], the DSI [State Hydraulic Affairs Directorate General], and the Bank of the Provinces hire graduates of vocational schools and train them as I explained; they offer courses to their staff. This system will work very well if it is implemented by public or private institutions like ourselves. We planned a similar undertaking but we were not successful. We wanted to organize a 4-month course which would train drilling assistants.

The first 2 months of the course would involve theoretical subjects and the last 2 months would be practical training. We were going to hire 20 people from all over the country. We were planning to provide room, board and some pocket money for the trainees. But when we added our figures up we realized that we could not do it. Today we cannot even pay our taxes. We would like to do this project as an agent of the government, but that seems to be impossible. If the government is prepared to pay for the expenses of 20 candidates it will select, we are prepared to provide the training. The training of such personnel is a demand for such personnel from abroad, particularly from Middle Eastern countries. The DSI as well as many European companies are doing drilling work in Libya. It is clear that such trained personnel will be a source of foreign exchange.

There is also an oversupply of graduates as a result of lack of planning in education. This oversupply must be cut down.

Another important point is the production and availability of water drilling equipment. Currently Hulusi Demir of Ankara is the sole local manufacturer of water drilling equipment in Turkey. Hulusi Demir is doing this by his own means and he has no competition. This person has sold 10 sets of equipment even to government agencies. We have heard that Iraq and Iran wanted to buy 150 sets in the past few months. But Hulusi Demir cannot fill an order of that size. If we had qualified middle-level personnel in this field and five or six manufacturers (though one can mention a few individuals), we would not only be able to meet our equipment needs but also we would be able to sell some abroad. The government must set up an industry in this field. Considering that there is such a high demand for the equipment manufactured by one man by his own means, if the manufacturing of drilling equipment and its supporting infrastructure is made into an industry and if adequate training is provided to our engineers it will be possible to establish a "drilling industry."

[Question] Since our issue now entirely concerns drilling can you tell us about the water potential of Turkey? What procedures are implemented at a location from where water will be extracted? Can you provide us with a general view of drilling activity in this country?

[Answer] Studies by the DSI and the Soil and Water Directorate General have shown that there is an adequate supply of water in this country and that irrigation is necessary and important. We, the geologists, have been saying the same thing. There is sufficient water in Turkey and this water must be channeled into agriculture. The water must be extracted from underground by drilling wells and kept above ground in pools or ponds.

As for finding water and selecting a location, let me emphasize that everybody, private or corporate, needs to seek the services of a geological institution to select a location to meet his or its water needs. A man buys some land; he needs water but he cannot find it. If he comes to us or goes to another company we will do a study and analysis for him, we will determine at what depth the water is deposited, we will suggest a method to bring the water to the surface and we will compute how much it will cost. A good estimate will save the buyer of the land from larger expenses.

To find water at a given location first all data from previous geological studies and soundings are collected. Geological studies are carried out on the surface to obtain information about the subsurface. Studies concern the determination of types of underground rocks and strata, the existence of voids in the rocks and the size, shape, orientation and distribution of these voids if any. After these data are collected and geological measurements are completed efforts are made to find the most economical method for the given conditions. Lastly, drilling begins assuming test results are positive.

[Question] Let us say that you are drilling a well at a location where there is a high likelihood of finding water. What procedures would the drilling involve?

[Answer] When the procedures I explained answering your previous question are completed the pumping energy cost, a significant factor, is computed. Studies are made on possible problems that may arise during pumping. When an accord is reached between our economic interests and the interests of the party who needs the well, drilling begins with the necessary equipment. Samples are taken from each meter of cut rock during drilling. From these samples estimates are made on where water-bearing strata would lie. Then filters are put in place such that the holes in the filters lie against the water-bearing strata. Then the pipes are lowered. The space between the pipes and the diameter of the well is lined with gravel. This is followed by the washing of the well. After the "well development" method is applied to the well a pump test is run and the well is delivered to its owner.

Let me add something else. The DSI has inspection authority during the drilling of the well in accordance with the Underground Water Law. The DSI does its inspection while we are drilling the well but that is not adequate. Proper inspection during drilling is necessary and will help the driller. For example, in an area where it is impossible to draw water from 150 meters and if it is necessary to use the clay formation method the DSI must say "stop" to somebody who is spending a lot of money and drilling to 400 meters to find water without using this method. The DSI must not permit anybody to use his equipment unnecessary to drill a well simply for the sake of using his equipment and not to let it go idle. That way maybe the owner of the equipment will make money but the extra expense incurred will adversely affect the country's economy. The DSI must inspect drilling activity under suitable conditions. Otherwise, the drillers work with the best of intentions.

[Question] Thank you.

[Biography of Dr Eray Erdogan]

Dr Eray Erdogan, a geological engineer, was born in Duzce in 1939. He graduated from the Geology Department of the University of Istanbul in 1962. After working at the MTA for some time, Erdogan won a doctorate in 1968 in Bordeaux, France, where he worked for 2 years. Later he returned to the MTA. In 1972, Erdogan left the MTA and founded the MASU Geosciences, Consulting and Drilling Company. He has been working with MASU since that time.

9588

CSO: 4654/111

OZAL PROFFERS OPINIONS, ADVICE ON ECONOMY

Istanbul CUMHURIYET in Turkish 11 Jan 82 pp 1, 7

[Text] Kayseri--At a musical dinner given in his honor, Turgut Ozal asked Iranian singer Naser Danesh to sing the song "I have a pain in my heart." Ozal said that coffee is being imported so that people will say: "Turkey's economic condition has improved; even coffee is being imported." Ozal had an informal meeting with businessmen from Kayseri during the "Import Development" seminar organized jointly by the Faculty of Management of the University of Kayseri and the Kayseri Chamber of Commerce and Industry. During the meeting Ozal said: "In the old days people depositing money in banks were at a disadvantage. Today the opposite is true." He added that soon people borrowing money from banks will be in a position to bargain about the rates. Speaking about "big-money businesses" Ozal said: "Freight and ready-made clothing businesses are making a lot of money. Livestock rearing too will soon be a money-making business."

Turgut Ozal's informal meeting with businessmen from the Kayseri Chamber of Commerce lasted for about 2 and 1/2 hours. At the meeting Suleyman Teltereci, the president of the Carpenters, Furniture Makers and Upholsterers Association, addressed the deputy prime minister as "Your Honorable Excellency Sir Turgut Ozal." Another businessman addressed Ozal as "Honorable Prime Minister."

Carpet merchant Lutfi Ozden told Ozal: "You find the molasses and the flies will fly from Baghdad."

'Pain in My Heart'

Two nights ago Ozal attended a musical dinner given in his honor. Here, Ozal listened to the songs of Iranian singer Naser Danesh who took refuge in Turkey following Ayatollah Khomeyni's assumption of power in Iran. Ozal gave a "red carnation" to the singer and asked for the song "I have a pain in my heart." The singer obliged.

Ozal's Statements

Responding to questions by businessmen from the Kayseri Chamber of Commerce, Ozal said in brief:

--We will not do everything as you tell us to. We are trying to strike a balance among different ideas as far as possible. On the other hand, there is nothing which is not open to criticism."

"--If we try to extend credit to everybody as he or she desires we will never be able to manage it. We need to strike a balance among diverse groups."

"--There will always be problems in economic development. Yesterday we had margarine shortages, today we have some other shortage."

"--The correctness of what we are saying now will be known in time. Everybody's condition will improve as inflation subsides. I grew up in the private sector. I know how business works."

"--Citizens needed interest rates [on their savings] at least equal to the inflation rate in order to protect themselves from inflation. The interest paid by banks today is between 2.5 to 5 percentage points higher than the inflation rate. In the past we had exactly the opposite situation. People depositing their money in banks were at a disadvantage. Today the opposite is true. Soon, people borrowing money from banks will be in a position to bargain about the rates they are getting. Exports credits currently carry an interest rate of 20-22 percent. If there is a claim that the banks are treating customers on a discriminatory basis bring us the evidence and we will intervene."

"--The rate of increase in bank deposits will slow down in 1982. Then competition will begin among banks. This competition will focus on finding suitable borrowers rather than attracting depositors."

"--Our example should be the Japanese rather than the West. Basically we are Orientals. So is our character. When the Japanese entered the world market in the 1960's the goods they were producing were of inferior quality. Their products would break as soon as you touched them. In 1962, I was the United States with two friends. One of my friends bought a Japanese umbrella because it was cheap. I bought an English one. The Japanese umbrella was completely bent out of shape in the Washington wind.

"--I was in the United States again in the past few years. That time the Japanese occupied the first four ranks in cars imported into the United States."

"--You say you do not want government interference, but at the same time you are expecting too much from the government. Do not ask for support from the government and do not depend on it too much. The government must only have a general function. If we leave everything in the hands of bureaucrats they will make wrong decisions."

"--Make your investments in profitable businesses. The freight business is making a lot of money. There are large investments in TIR transportation. Ready-made clothing is also profitable. We will support the livestock rearing business. We have certain ideas, but I cannot explain them now. We will make the procurement of animal feed easier."

"--Investments will increase. You industrialists will no longer have to take currency risks. In 1982, it will be cheaper for you to find credit abroad than from banks in Turkey."

"--Why is coffee being imported? We are importing coffee so that people will say: 'Turkey's economic condition has improved; even coffee is being imported.' The perception is the same abroad. This is the psychological aspect of this issue."

"--We will introduce export insurance. We cannot provide 85 percent insurance as is the practice in the West. We will provide 50 percent insurance."

9588

CSO: 4654/139

'SLIDING SCALE' CONSIDERED FOR LABOR CONTRACTS

Istanbul CUMHURIYET in Turkish 15 Dec 81 pp 1, 9

[Text] Ankara (ANKA [ANKARA AGENCY]) -- It was learned that the "sliding scale" system was resurrected during discussions by the joint committee of TURK-IS [Turkish Confederation of Labor] and government representatives as they continued discussing the 1982 increase for collective labor agreements and prepared their reports on it.

At the meeting Thursday, 10 December, chaired by Prime Minister Bulend Ulusu and attended by TURK-IS executive board members and Supreme Arbitration Council and government representatives, the increase to be set for 1982 contracts was discussed and TURK-IS representatives proposed setting it at a "percentage" based on inflation rates for the 1980's. The TURK-IS authorities maintained as a rationale for their proposal that "inflation estimates for next year are misleading, estimates made and announced have not proved true and inflation has been higher than the rate expected."

Government and Supreme Arbitration Council representatives, however, pointed out that the estimated and targeted inflation rate for 1982 was around 25 percent-30 percent and proposed that, if this expectation was exceeded and price increases moved ahead faster, current contracts be reviewed at specific intervals -- every 6 months, for example -- and additional wage increases made. The TURK-IS leaders objected to the proposal to revise wages intermittently according to price increases, referred to as the "sliding scale" system.

As no agreement could be reached, the conferees decided that they should devote further "consideration and evaluation" to the matter and, after presenting the new proposals, that they should meet again later, allowing the Supreme Arbitration Council to study the matter further in the meantime.

Speaking to an ANKA correspondent, two TURK-IS executive board members who attended the meeting headed by Prime Minister Bulend Ulusu said that they did not expect "much of anything" from these meetings, expressing the following view, in summary:

"Our purpose is not just to raise wages. The status and problems of civil servants and retirees as well as of workers are of concern to us. However, price increase statistics are used when setting rates and percentages for wage increases.

But since the price increase figures given by the State Statistical Institute, the State Planning Organization and the Ministry of Commerce do not agree with each other, they do not fully represent the facts in Turkey. It is necessary first of all to put the statistical data used into a workable process. We made a point of this at the meeting."

Mustafa Ozbek, president of the TURK-IS affiliate, Turkish Metal Union, and a member of the TURK-IS board of directors, said, "Certain rights that we won in collective bargaining have been taken away from us."

Mustafa Ozbek, who gave the opening address at the seminar on "Job Safety and Job Security" hosted by the Turkish Metal Union in Ankara, pointed out that the wage increase rate to be applied in collective agreements in 1982 and subsequent years was important and said: "Unfortunately, it has not been settled in the meetings held at the initiative of Prime Minister Bulend Ulusu. It seems to have been left to the discrimination of the Supreme Arbitration Council. If the truth were known, previous Supreme Arbitration Council practices have not been satisfactory to us workers. Indeed, certain rights that we won in collective bargaining have been taken away from us. An action seen nowhere else in the world has been taken, going back on labor rights won. This attitude and behavior is a pity for our workers. Their livelihoods and futures are at stake."

Ozbek noted that unemployment is an important problem today and said, "Unemployment looms before us like a hungry monster. The state, the unions, the employers, we must all put our heads together and find a solution."

8349

CSO: 4654/99

SPECIALIZED COURTS TO ADJUDICATE BROKERAGE MATTERS

Istanbul CUMHURIYET in Turkish 10 Jan 82 pp 1, 9

[Text] Ankara--The commission working under the chairmanship of Minister of State Ilhan Oztrak in connection with bankers going bankrupt has decided to set up "specialized courts." An identity of views was reached on establishing a "liquidation-adjudication institution" which will clarify the situation of bankers going bankrupt and their depositors.

The commission headed by Minister of State Ilham Oztrak is mostly made up of law rather than financial experts. Thus the phenomenon of bankrupt bankers is being examined from legal rather than economic and financial viewpoints. Hence the provisions of the "enforcement-bankruptcy laws" were reviewed and discussion focused on a "type of solution" which would be based on these laws. However, law experts on the commission concluded that the "enforcement-bankruptcy laws work very slowly" and maintained that "more time could not be lost in resolving the bankers issue." Consequently, the commission sought a new approach and eventually decided "establishing specialized courts which will deal solely with banker bankruptcies."

The specialized courts to be set up are planned to function in large cities where bankers have been most active. Thus the commission is reported to be working on "the cities where the specialized courts will be set up." It is reported that the commission will decide where the courts will be set up, but that the final authority to decide on the establishment of the courts will rest with the government.

It was also decided, in connection with the functioning of the courts, to set up "liquidation commissions" made up of experts to work under the aegis of the courts. It is reported that the primary function of the "liquidation commissions" will be "to defend the rights of depositors against the bankers." The condition of bankers unable to pay their debts will be expeditiously discussed at these commissions and efforts will be made to protect the rights of citizens who have lost their money. To that end, the properties of the bankers will be confiscated and appropriately distributed among the depositors. It is reported that the "liquidation commissions" will mainly consist of accountants and experts on commercial law and business. The measures to be taken do not include the principle of a "government guarantee for the bankers' debts" as has been widely perceived by various media and the public.

According to information reaching the commission, following widespread rumors about a "government guarantee" certain individuals in big cities wrote and marketed "uncovered checks." In order not to "compliment" this situation and in view of the fact that "it is not right for the government to guarantee a transaction which it did not guarantee at the outset," any payments by the government to bankers' creditors has been ruled out.

It has been learned that the commission working under Minister of State Oztrak has reached its final conclusions and will submit a draft on its decisions to the National Security Council [NSC] in a few days. It is also reported that the draft will be discussed by government ministers concerned with the issue before it is submitted to the NSC.

Consequently the draft is expected to be submitted to the NSC tomorrow or on Tuesday and a final decision by the NSC is expected to emerge by the end of the week.

9588

CSO: 4654/137

INDUSTRIAL SECTOR WEIGHS IN ON KEY ECONOMIC CONCERNS

Istanbul CUMHURIYET in Turkish 11 Jan 82 p 5

[Text] Izmir--According to the results of a poll entitled "Turkish Economy-81" and circulated among 282 industrial establishments, all organizations that responded favored a freeze on interest rates. On the other hand, 67 to 87 percent of the responses were "good" to the question: "What is your overall evaluation of the economic stability measures being implemented?"

The 18-question poll prepared by a local newspaper in Izmir revealed the general inclination of the industrial sector. The answers to a question concerning capacity utilization showed that only the external trade sector utilized above 50 percent (specifically 54 percent) of its capacity. While 45 percent of the responses stated that there was an increase [in 1981] in the output of capital goods compared to the previous year, 39 percent said there was no change. It was revealed that only the external trade sector used more than 75 percent of its capacity [as published]. On the other hand, the capital and intermediate goods industries, which are known as the locomotive sectors of industry, were found to have used 25 to 50 percent of their capacity.

The industrial establishments responding to the poll stated that as of the end of September the bank-banker sector reported the largest cost increase [over the year] while the capital and intermediate goods industry led in the instances cost increases were reported. While 59 percent of the capital goods industrialists reported cost increases of between 25 and 50 percent the bank-banker sector reported cost increases of over 50 percent. On the other hand, the bank-banker sector stated in its response that it expects its business to increase by 100 percent in 1982. This figure was reported as 48 percent for the capital goods industry sector.

The poll shows that financing difficulties and inflation lead the list of problems encountered at the company level. However, it was observed that not a single bank or banker suffered from insufficient financing. Industrialists manufacturing intermediate goods found financing too expensive while capital goods industrialists emphasized insufficient financing.

In response to a question on whether new investments were made in 1981, 38 to 70 percent of those who answered said "no." The only sector which reported new investments in 1981 was the bank-banker sector which formed 33 percent of the total.

In the poll the inflation rate [for 1981] was estimated to be 40 to 50 percent. The forecast for the inflation rate in 1982 varied between 32 and 43 percent depending on sectors. Almost all sectors replied "yes" to a question asking about the "need for control in the credit market." In reply to a question on freely fluctuating interest rates 100 percent of the companies from the external trade and capital goods sector demanded an end to the free fluctuation system. Most sectors answered "yes" to a question on whether Turkey should be a full member of the EEC; however, 40 percent of the companies manufacturing intermediate goods answered "no" to this question.

There were significant differences among sectors in listing the factors inhibiting the expansion of investments. As the principal factor inhibiting investments, the external trade sector mentioned "energy shortage," the bank-banker sector mentioned "shrinking domestic demand," the domestic trade sector and the capital goods sector mentioned "difficulties in self-financing" and the consumer goods and the intermediate goods industry mentioned "insufficient investment funds."

9588

CSO: 4654/140

STRAUSS ON DEFENSE POLICY, PACIFISTS, BUNDESWEHR

Munich POLITISCHE STUDIEN in German Jan-Feb 82 pp 7-12

Interview with Franz Josef Strauss, CSU chairman and Bavarian minister president, by Prof Dr Johannes Hampel: "Peace Is Priority Goal of Policy"

POLITISCHE STUDIEN: President Reagan's statements regarding the possibility of limited nuclear war in Europe have drawn a lot of comment. What is your view of these statements and of the reactions of the European partners ?

Strauss: One must read the full text of President Reagan's statements. The summaries and headlines which appeared in parts of the German press were misleading and one more contribution—intentional or not—to the campaign directed against the American President.

In his interview with local editors, President Reagan merely described the existing defense strategy of flexible response. That is why there is great danger as long as the provisions of the modernization resolution have not been fulfilled or as long as the Soviet Union has not disarmed in the medium-range missile field. He pointed out very convincingly why there is a need for medium-range missile modernization on European soil—so that the same deterrent effect continues to exist for Europe in the future as now exists for the Americans in the strategic weapons field. In that field, the strategic weapons of the Americans and the Russians now confront each other. Neither is in a position to use these weapons without the risk of committing suicide.

In Europe, the starting premise is entirely different. There are 250 SS-20 medium-range missiles with 750 warheads threatening every conceivable target in Western Europe and there are no weapons in place here that can reach Russian territory. This means: deterrence no longer works for Europe. This means the gap must be closed through a complete graduation of deterrence or the Russians must disarm.

Furthermore, it must be emphasized—which the FRG government spokesman did—that Reagan's response to a question on "a possible situation" did conform to NATO flexible response strategy which would initially react to a limited enemy attack with a limited counterblow; which makes a cessation of nuclear escalation possible at every step but does not extend any guarantee to an aggressor that a conflict would not escalate to the point of using intercontinental weapons of annihilation.

I think I do not need to take the time to go into the false, malicious and even slanderous comments about President Reagan's statements which appeared in our country. I would restrict myself to repeating what the renowned NEUE ZUERCHER ZEITUNG wrote on this subject on 22 October 1981:

"The extremist spokesmen who promote anti-American agitation under the umbrella of the so-called "peace movement" are not interested in differentiating in the least. For the one-eyed leftists ranging from the GDR press to the Moscow-oriented DKP and the young socialists the statements by the American President regarding the possibility of limited nuclear wars are a welcome opportunity to yammer with deep moral conviction about the supposedly unbridled warmongering policy of the United States. Young socialists chairman Piecyk even claims that Reagan's statements offer final proof for the fact that the United States are not in the least interested in the negotiation part of the NATO dual resolution—despite the fact that the American President said the exact opposite in that same interview.

It is even more surprising that even representatives of the moderate wing of the SPD like Bremen's lord mayor Koschnick and the vice president of the North Atlantic Union Horn, who is a member of the Bundestag as well as Karsten Voigt, the party's expert on security policy should have reacted so vehemently to Reagan's comments which may not have been particularly fortunate but were not at all provocative when read in context...

It is likely that moderate SPD politicians like Horn or Koschnick vented such outrage in order, among other things, to protect against the offensive of their own party's left wing which appears firmly resolved to make use of Reagan's controversial statements for their own ends with every demagogic trick at their disposal. In this sense then, the entire affair is of significance not as a concrete dispute about substance but rather as a glaring symptom of a widespread lack of confidence in American policies in the FRG."

There is nothing that needs to be added to this analysis by the NEUE ZUERCHER ZEITUNG.

It is altogether shocking that some segments of the SPD (Gaus) now wish to return to total deterrence in the form of the threat of retaliation with strategic weapons as in 1955-56, if only to spare the SPD the need of coping with the unsavory modernization resolution. But this strategy no longer works. It was discarded in 1957.

POLITISCHE STUDIEN: The mass demonstrations against the NATO dual resolution which were held in Bonn, in Rome, Brussels, London and Paris seem to indicate a change of heart regarding defense preparedness among Europeans of all walks of life. Can the present situation be compared to that of the years 1937 to 1939 when the British prime minister Neville Chamberlain's appeasement policy served as an encouragement to Hitler to wage war ?

Strauss: The mass demonstrations against the NATO dual resolution in the FRG and in other European countries give a clear indication of how terribly the consciousness of problems has been destroyed during the past decade by an illusionary policy of detente.

Peace without freedom is peace of the graveyard. Freedom without peace is tantamount to anxious waiting. Without freedom, there can be no lasting peace and no life worth living. All peoples want peace. But as old as man's longing for peace is—the abuse of this longing for peace by unscrupulous leaders prone to violence is just as old. That is why we must make a point of telling our young people: those who will not learn from history are condemned to repeat it.

We must not forget the disastrous contribution which the continuously growing propaganda in favor of pacifism in France and Great Britain made to the rise of the dictatorships in the thirties. We know how easy it became for the dictators to decide on war; how easily they overcame any reservations. They kept themselves constantly informed about the progress made by the pacifist movements in these countries. Anyone who supported pacifism at that time helped the dictators cross the threshold. We must not recklessly gamble peace away once again.

There is a big difference between those days and the present. Contrary to Hitler, who was blind to risk and obsessed by it, the Kremlin leadership—despite all their ruthlessness in pursuance of their aims—has shown time and again that it is both conscious of and wary of taking risks and that it has in fact never taken a serious risk. That is why Moscow avoids taking the incalculable risk of applying pressure on the Atlantic alliance from the outside but instead seeks to break it up from the inside. What the Soviet Union is aiming for is not World War III, but a shift in the strategic situation. The Soviet Union wants to cause fear and trembling among the Europeans of a great war which, according to their propaganda, would be the inescapable consequence of the American-Atlantic modernization program—of a war the West will never start. The Soviet Union further wants to sow mutual discord among Europeans and Americans and to play one off against the other. It wants to paralyze the Europeans inside the alliance and then break them out of it so as to make the alliance incapable of acting while its own strategic leverage constantly expands. It wants to induce the Americans to withdraw from Europe and so destroy the alliance—from the inside.

If we do not decide on our own surrender; if we are unwilling anxiously to drift toward unconditional capitulation, then we must retain a threshold of risk vis-à-vis toward the Soviet arms which threaten us and to convince any Soviet leader that it would be in his own interest to forgo military confrontation.

Our security policy must be based not on an egotistic "include me out" attitude but on the responsibility for the safety of our fellow citizens. We cannot change the world by closing our eyes to reality. Our peoples—and our young people above all—must realize that any retreat in the face of Soviet power policy will not bring peace but will increase the danger of war with every passing year.

It is our historic task to see to it that peace is not recklessly gambled away once again in this century.

POLITISCHE STUDIEN: The peace movements are made up of many different groups: Greens, communists, alternatives, politically committed Christians, socialists... It is difficult to do justice to the entire spectrum by making generalized statements. What consequences for policymaking do you see in the message of peace contained in the Holy Scripture? What could the Christian churches do in the present situation to make the debate on peace more productive?

Strauss: There are three totally different groupings that have joined forces in the so-called peace movement--the opportunistic, the anxious and the conscientious pacifists.

As for the /opportunistic pacifists/, those are the communists in whose eyes modern nuclear weapons in the hands of communist governments or the Kremlin are true blessings for progress and the happiness of mankind whereas these same weapons in the hands of duly elected democratic officials, presidents or heads of government are condemned as criminal instruments for the suppression of peoples and the perpetuation of the outdated capitalist system. There is no point in discussing them any further.

Then there are the /anxious pacifists/. Their motto is "better red than dead." They are incapable of seeing that they are making an intellectual mistake because in truth such an alternative does not exist. Anyone who decides in favor of red, simultaneously decides in favor of dead. If NATO falls apart, the probability of World War III breaking out is far greater than it is now when it is as good as impossible because the weapons themselves are such as to preclude their use. If the anxious pacifists were to think things through to the end, they would realize that they would no longer be asked under which flag they would like to do their military service. They would risk their life and might also lose it as cannon fodder for Soviet power interests on all sorts of battlefields. There is only one true alternative: /neither red, nor dead./

And finally, there are the /conscientious pacifists/. That is a small bunch of citizens of both sexes whom I respect and esteem and in the face of whose personal decisions I am at all times ready to doff my hat. But in politics, their maxims are useless.

Conscientious pacifism is the privilege of the individual in a free society. Responsible pacifism is a mission assigned to statesmen who must make responsible decisions about peace and freedom based on Christian moral law.

The Sermon on the Mount is an appeal to non-violence and the Christian tenet to love one's neighbor that moves us deeply. The individual Christian who personally decides to concentrate all his actions on this appeal—which is to say to suffer violence and injustice without resisting—can turn to the Sermon for sustenance. But the right of the individual to forgo defending his own freedom and to submit to violence does not free those responsible for the making of policy from their moral responsibility to protect the freedom and inviolability of their fellow citizens and to ward off unwarranted attack because the dignity of man is unthinkable in the absence of freedom.

Longing for peace alone cannot bring peace about—and even less so, if it is confused with peace policy.

We know from history that peace has never been safeguarded by constantly yielding to brute force. /Peace/ is based on /justice/, on the /balance/ of interests, on /respect for human rights/ and /the rights of nations./ In the age of nuclear weapons, however, peace is also based on an approximate military /balance/ of terror which makes the actual use of these weapons impossible. That is why it is so important now to tell young people in particular that those who increase the danger of war decrease the risk for an aggressor. The Christian churches must therefore speak out clearly at a time in which the so-called peace movement lays claim to a monopoly on Christian ethics and tries to relegate the conscientious pacifists to the camp of those opposed to peace.

POLITISCHE STUDIEN: As a former defense minister of the FRG, you are following the debate about the Bundeswehr's state of readiness and its defense capabilities, we are sure. Do you think these goals are endangered at this time ? And if so, what measures do you feel should be taken to improve our national defense posture substantially ?

Strauss: The Bundeswehr's state of readiness and its defense capabilities are not as poor as the communists would like, nor are they as good as to maintain peace and safeguard freedom.

The fulfillment of the defense mission appears threatened on two counts at this juncture. There is the catastrophic budget situation which is beginning to affect the defense budget at the very time that the defense budget shortfalls brought on by defense minister Apel's lack of leadership are posing problems which can hardly be solved anyway. Cuts in procurement programs such as the "Roland" anti-aircraft system; unavoidable cuts in the training and exercise program such as the reduction of flying hours for pilots far below the NATO average; the cuts in social funds for the military—all these cannot but have a serious effect on the fighting strength and above all on the morale of our soldiers.

This very morale which in a free democracy can only grow out of the conviction that military service is service in the interests of peace and freedom is being questioned increasingly in our society—both on political and moral grounds. What should the soldier think of himself; what should his self-image be ? For whom should he be fighting, if worse came to worst ? What should he be fighting for ? What should he think of the values he might have to defend with his life, if our society increasingly questions and revalues these values and if the spirit of flight into irresponsibility, denial and capitulation in the face of serfdom keeps gaining ground.

In this sphere—and not only in the fiscal realm—we must make the effort so that the Bundeswehr can fulfill its mission in the years to come as well. Jointly with our partners in the Atlantic alliance, we must see to it that the Soviet Union knows beyond the shadow of a doubt that any success they might seek through direct military action will command a price that will make that success meaningless.

9478
CSO: 3103/251

PASOK NOME ADMINISTRATION PLAN ATTACKED

Athens AKROPOLIS in Greek 16 Jan 82 p 1

/Editorial: "Party Parastate" /

/Text/ If "we peel off" from its deceptive covering the draft bill on the reorganization of the regional administration put forward to parliament by the minister of interior, we will have no difficulty in making out what it has in mind. In this instance also, the government is concealing its true intentions. It is trying to create the impression that its only aim is to ensure broad popular participation in the practice of government within the framework of regional administration. In reality, it aims at establishing a party parastate for the purpose of controlling the rural population.

First of all, it abolishes the statute whereby a nomarch serves out his normal term of office and it brings back the statute whereby a nomarch may be recalled, a statute that was in effect during the time of the dictatorship. Thus, the nomarchy is completely converted into a party organ of the government. In fact, thought had even been given to renaming him "government commissar." However, since this latter title is reminiscent of administrative models used in communist countries, it was dropped, evidently not to arouse public opinion.

Secondly, the statute of nomarchical council is established that would work side by side with the nomarch. This council would be composed of representatives of local government, cooperative and trade union organizations, as well as professional and cultural associations. However, the administrative bodies of both the local government and these organizations are in the hands of PASOK and the KKE. Moreover, the minister of interior will determine the composition of the nomarchical council. Thus, thePeople's PASOK in power will have been attained.

In this manner, the situation of all nomes will be controlled from above --by the party nomarch-- and from below by the party-oriented organizations and leftist representatives of local government. Of course, some may say that in some future elections, the composition of the administrative bodies of the local organizations and municipal and communal councils may change and the statute may turn against the state. However, who can be sure that once PASOK has consolidated its party control, the people can elect and replace those whom they want to handle their affairs?

5671
CSO: 4621/154

COMMENTARY ON CYPRIOT POLICY ON POLAND

Athens 1 VRADYNI in Greek 16 Jan 82 p 2

/Editorial: "Cyprus and Poland" /

/Text/ For a short while, the Cypriot House of Representatives set aside the heated issues of Greek-Cypriot relations and the "Attila" danger and tackled the Polish question and then issued a resolution according to which "the imposition of sanctions against Poland and the Soviet Union is condemned."

No one, of course, cannot deny the right to Cypriot deputies to issue resolutions in accordance with their views. However, at a time when the Cypriot issue is at a sensitive stage, such resolutions could be considered as awkward.

The unusual thing is that the deputies of Mr Kyprianou were drawn into the resolution by the Soviet-controlled AKEL on the issuance of the resolution which Moscow "manipulates." And they automatically and openly sided against the West and the EEC from which Cyprus is asking support in its struggle. The deputies of Mr Kyprianou did not even take the trouble to express "reservations," similar to those expressed by Mr Papandreu on the EEC and NATO, in the resolution presented to them by AKEL.

It is characteristic that neither the 12 deputies of the Democratic Rally nor the three deputies of Lyssaridis' EDEK approved the pro-Soviet resolution. They evidently realized that a resolution on the Polish issue does not make the Cypriot issue any easier. To the contrary, it makes easier the plan and propaganda of the Turks and that of their surrogate, R. Denktas, who are once again increasing their threats about a new "Attila."

5671
CSO: 4621/154

COMMENTARY ON ND TACTICS AGAINST NEW GOVERNMENT

Athens AKROPOLIS in Greek 24 Jan 82 pp 6, 14

/Article by Thimios Papageorgiou: "ND Pursuing Tactical Destruction of PASOK and Not a Frontal Attack" /

/Text/ "New Democracy has started up." This satisfactory observation was made by its officials who had been waiting to see how their party would manage and what criticism it would exercise against the government, following the internal malaise brought about by its electoral defeat and the change in its leadership.

The observation on the start up referred to the inclination shown by ND to play a dynamic role within the framework of its mission as the loyal opposition.

Without any intent to defend it, it must be noted that the new ND leadership has much to do in the intra-party area. It has given priority to all of these matters (new organizational attempt, changes in cadre positions, establishment of a political office and parliamentary work groups, as well as appointment of parliamentary representatives) to create a new foundation for readjustment and for expansion of party influence.

Substantial

From data available, it follows that ND will exercise substantial and strict checks on the government's work. At the same time, it will give battle for the safeguarding of its rights as the loyal opposition.

Of course, there are still loose ends and some lack of coordination in tactics.

Characteristic is the case of the proposal made to parliament by Athens Deputy Anagnostopoulos regarding the unconstitutionality of a bill on public administration.

The proposal was withdrawn on the intervention of Mr Mitsotakis, parliamentary representative, with the excuse that the deputies should have been given the opportunity beforehand to express their views on the bill.

Tactics

These are small problems, however, especially when compared with the main issues: what tactics does ND prescribe in its juxtaposition with the government party?

Basically, the tactics of a party cannot be characterized by inflexibility since flexibility in its practice is often needed as well as readjustments in accordance with circumstances.

Regardless of the above, tactics must be mapped out within a broader framework. And from all that we have been following, especially this week, we conclude that ND is finally moving forward decisively toward its parliamentary --in this phase-- clash with the government.

Beyond that, there are two "schools" of thought on a more effective aggressiveness against PASOK: one school desires an all-out clash, with the expectation that the destruction of the government party would in this way be hastened. Words missing as follows: A frontal attack on PASOK at this time could yield just the opposite of the sought for results because (a) it is possible that a frontal attack might influence fanatical PASOK deputies, cadres and adherents to rally together, and (b) aggressiveness by ND will "conceal" or will remove the possibilities to show up the weaknesses and mistakes of the government since those who will have rallied together and the fanatic elements will be introduced as the opposition.

Thus, the main goal that is PASOK will be removed and the public interest will be mustered to the sharpest contest between the two biggest parties.

That is why the second "school" concludes that it is better to leave matters develop at their own rate since it is anticipated that the government will not be able to succeed and find solutions to problems. That is, the government should be permitted "to stew in its own juice" while the people will daily realize that the selection of PASOK was a mistake --something ND alleges that has already begun to happen.

The view on the self-destruction of PASOK does not maintain that ND must remain inactive. To the contrary --it stresses-- the loyal opposition must contribute with its own criticism and with other actions to the reduction of the popularity of the party in power. This, however, is different from the tactics of a frontal clash with its consequent exacerbations. The other "school" has a different reasoning which could words missing.

Previously

PASOK, when it was the loyal opposition, had purposely avoided attacking the ND government in ways that could have contributed to its rallying together.

Within the framework of these tactics is interposed the persistent refusal by Mr Papandreu to accept Mr Zigdis' proposal in the previous parliament concerning the submission of a no-confidence vote against the government of the time. This was done because it had been determined that the voting would have gone in favor of ND and that criticism against it would have strengthened its cohesiveness.

For that reason, PASOK left the government party of the time to destroy itself while Mr Papandreu chose the suitable moment for strong attacks which aimed at speeding up the defeat of ND.

Dissatisfaction

In an estimate of popular dissatisfaction brought about by the government's mistakes, ND officials also add the impatience of PASOK adherents who feel that the Change is not being implemented fast enough.

This relates to the opposition of the so-called precipitant elements including the KKE with its systematic criticism of the government's work.

The KKE, assuming the role of the opposition of the Left, aims at reducing PASOK's effect on the voters that the communist party is seeking to capture.

However, ND is aiming at different goals. ND has entered into the phase of juxtaposition with the government party but without the aggressiveness that would push it to the extreme.

How matters will turn out depends on the capability of ND to benefit to the utmost from PASOK's destruction and also on the possibility of the government party to repel the attacks of the loyal opposition.

5671
CSO: 4621/154

WRITER CHARGES 'OIKONOMIKOS TAKHYDROMOS' WITH DUPLICITY

Athens RIZOSPASTIS in Greek 6 Jan 82 p 3

/Article by Kostas Khatziargyris: "The Sly Game of a Fifth Column"

/Text/ What is the KKE's task, now that the government is PASOK? The KKE is neither a government party nor the opposition, but it does have a steadfast, creative and constructive role to play and it will stick to it since it serves the people in this way, even though this fact, of course, angers OIKONOMIKOS TAKHYDROMOS, which is always ready to have it out with everybody, so long as it does not involve monopolies or imperialists.

Therefore, since this is the task the KKE has to undertake, it has the right to express its doubt on the role being played, around PASOK and sometimes on its edges and sometimes inside it, by a few forces, specifically those of the well-known publishing group which obviously has nothing in common with the announced PASOK program.

Practical Implementation

The fact that OIKONOMIKOS TAKHYDROMOS, for example, expresses doubts on whether or not the government's promises "are realizable," the fact that casts "doubt" that "for many" the Change "was a mere slogan or personal respectful desires," the fact that it insinuates in a roundabout manner that "many" could have voted for "PASOK because they simply wanted to disavow the New Democracy" --all of these facts, in our view, would have been completely logical and permissible if in the meantime the publishing group, whose "ideological" vanguard is OIKONOMIKOS TAKHYDROMOS, did not try to present itself to the Greek people as the number one champion of the government and an authentic interpreter of its views. However, it does not do this. It presents itself as "socialist" but in deed it is engaged in ridiculing socialism.

The party that governs today had spoken of socialism before the elections. Even in its program, it spoke about extensive nationalizations, and, in fact, it made its intentions very concrete. The KKE has criticized these intentions in a concrete, severe and constructive manner and it has explained what needs to be done so that they might become beneficial for society and the workers. However, for OIKONOMIKOS TAKHYDROMOS, the matter is different. For OIKONOMIKOS TAKHYDROMOS, the PASOK government must take the following into account:

That not only is it not in opposition, on its own volition, to the PASOK program but "the PASOK government would have encouraged this in every way in its attempt to contribute to the development of the country."

That "the division of orientation" between Pasok and New Democracy is that for PASOK "social benefit predominates over personal profit," i.e. profit must exist but at least a few crumbs should be thrown out to those suffering undeservedly.

That PASOK cannot forget that "the most and widespread social gains" (read mass unemployment, galloping inflation, axing of social services, etc.) have been attained in those "countries which have combined the dynamism and functional productivity of the capitalist system with the most advanced practices of socialism" (read United States, Switzerland, West Germany, Canada, Australia, etc.)

That the government must not forget that for every measure that it takes, it must have "popular acceptance," and consequently no measure must be taken if it meets with "strong popular opposition." For OIKONOMIKOS TAKHYDROMOS, this means that if the industrialists, together with their cohorts, rise up against some nationalization or tax measure they do not like, then the government must conclude that the goal is not yet "ripe and must therefore abandon it."

That later on, regardless of how good the goal is, such as nationalizations, it must not "go beyond the limits of the economy."

That, moreover, although concessions to issues such as pensions to agricultural workers are good, it would be even better if "at least, some housekeeping in public expenditures" were to be taken, and that (at this point, all the anti-popular chords of OIKONOMIKOS TAKHYDROMOS' soul are moved) we must stop reading the "repulsive rubbish concerning the 'just' claims of all kinds of agitated people."

True Ambitions

No one can doubt that these are the feelings of OIKONOMIKOS TAKHYDROMOS. OIKONOMIKOS TAKHYDROMOS wants capital to be all-powerful. However, there are things that admittedly cause some anguish. First of all, why does not OIKONOMIKOS TAKHYDROMOS come out openly and say that what is of concern to it is that the monopolies should not be hurt and all its effort lies in encouraging capitalists and in convincing them to bravely give their all to the struggle?

And secondly, why does the PASOK government permit the creation of an atmosphere of obscure uncertainty around its relations with the well-known /publishing/ group? This kind of dissimilar relationships do not strengthen the popular and progressive cause, and there is every reason to be afraid that in the final analysis they will help in the subversive and fifth column activities and will contribute to the disorientation of the people.

5671

CSO: 4621/154

POLITICAL

GREECE

BRIEFS

FRENCH PUBLIC ADMINISTRATION ASSISTANCE--The French Minister in charge of Public Administration Affairs, Mr. A. Leport, in a message to the Greek government, has proposed French assistance in the efforts of the government to improve the public service. Minister to the Prime Minister Agamemnon Koutsogeorgas replied that the Greek government will accept with pleasure the proposal of Socialist France. It was therefore that the French Minister, handing a staff of specialists, should visit Athens at the beginning of March. [Athens ATHENS NEWS In English 9 Feb 82 p 9]

CSO: 4600/262

ANTI-ARAB VIOLENCE REPORTED IN SICILY

London 8 DAYS in English 23 Jan 82 pp 27-28

[Text]

IT'S a bad time to be an Arab living in Sicily. There are 50,000 Arab immigrants, many of whom entered illegally, and they are bearing the brunt of the backlash of a 'fish war' between the Italian island's fleet-owners and the Tunisian government.

In the first two weeks of January, two Sicilian fishing vessels and their crews were arrested by the Tunisians for allegedly fishing in Tunisian waters — bringing the number of Sicilian boats held by the Tunisians to 14. And a Tunisian immigrant, Zegnami bin Brumour, was mysteriously burnt to death, boosting Arab fears and heightening tension between the immigrants and the Sicilian populace.

Mazara del Vallo, the island's largest fishing port, is in turmoil. Since an agreement between Rome and Tunis on fishing rights expired last year, the Tunisian coastguard has been especially vigilant and has arrested the 14 Sicilian vessels and the 170 men aboard them. They will not be released until fines of \$1.5m are paid. There is no sign of a new agreement being reached — and no sign of either side giving way over the captured fishermen and their boats.

While the stalemate continues, Sicily's Arab population is suffering the backlash. Some 5,000 of them live in what is contemporaneously known as Mazara's 'casbah' — a conglomeration of decrepit shacks and tents. Many of them depend on being hired on a day-to-day basis as cheap labour, often by Mafia-controlled agricultural and construction interests, or on the very fishing vessels chased, captured and, on occasion, machine-gunned by their North African compatriots.

The repression goes further. Sicilian an-

thropologist Antonino Cusumano told *8 Days* that anti-Arab racism was becoming rampant in Sicily, despite the two communities' common history and customs. Even substandard housing was being refused to Arabs. 'Manipulated by fascist organisations, Sicilians' anti-Arab feelings have already been sparked into incidents of xenophobic violence,' he said.

In the absence of a fishing rights agreement between Rome and Tunis, Mazara's fishing fleet — which admits only to fishing in international waters and denies encroaching on Tunisia's preserves — is hard pressed by competition from ultra-modern Japanese and British fleets. North African waters across the Sicilian Channel are teeming with fish and yield temptingly huge catches.

Matteo Asaro is chairman of Mazara's shipowners association, which covers 5,000 fishermen, 300 vessels and has a yearly turnover of \$140m. He told *8 Days*: 'Either relations with Tunisia are cleared up, or the Arab community living in this city's lurid casbah may return home. The Arabs will be the first to lose out if the level of employment drops.'

It is not clear whether the growing tensions between the Arab and indigenous communities were directly connected with the horrific death by burning of Zegnami bin Brumour. No one knows whether it was the work of Sicilians seeking anti-Arab vengeance or the result of a quarrel with compatriots over a tent. But it is certain that outbreaks of anti-Arab violence are on the increase and Arabs have been banned from bars and cafes in Mazara's elegant Corso Umberto.

An indication of the extent of the fear felt by the North African Arab population in Sicily may be found in the tragedy of a boat found adrift in early January by the Italian coastguard off Porto Empedocle. Its engine had failed 20 days earlier. Of the three Tunisians abroad, only one, called Fathy Samoud, was still alive.

Although Samoud told the authorities that the three had merely gone on a fishing trip before they hit trouble, investigators believe they had been threatened by Sicilians and had tried to flee to more hospitable shores.

CSO: 3120/42

POLITICAL PRESSURES ON MILITARY EXPECTED TO INCREASE

Madrid EL PAIS in Spanish 22 Jan 82 p 11

[Article by Miguel Angel Aguilar: "Intelligence Services Foresee Increase of Coupist Pressures on Eve of Trial of the 23 February Coup"]

[Text] The date of 18 February is confirmed as the one most likely for the start of the trial hearing for the attempted coup d'etat on 23 February 1981 before the Supreme Council of Military Justice. Appearing in it, as accused of the crime of military rebellion, will be the persons involved in the assault on the Congress, when they took all those present, including the government of the nation, as hostages. The intelligence services foresee an increase in coupist pressures on the eve of the hearing.

After the very rapid disciplinary reaction to the so-called "manifesto of the hundred," the initiative seems to have belonged to the government authorities. The appointment of a new team at the head of the Board of Chiefs of Staff, in a surprise operation with regard to its spread of dates, in view of the start of hearings for the 23 February event, confirms these assumptions, according to observers.

The pertinent services are expecting an intensification of coupist pressures, although they notice in the attitudes of the defendants a double line very differentiated between the purely professional persons and the persons determined to attempt a political escalation. After the king's message on the last Military Festival, all the calumnious insinuations patiently expressed have very scant possibilities of obtaining the slightest credibility. Consequently, among the official assumptions, the assumption of some spectacular action, blind coup, or attempt by interested foreign services to prevent Spain's admission to NATO, is becoming most likely.

In the purely military field, it is believed that the greatest sensitivity of the present moment is concentrated in the assumed institutional affronts, with an attempt to revive the old Law of Jurisdictions as a protective shield, and in the mobilization of primary repercussions with regard to the possible victory of the socialists explained in terms of arrival of the Marxist hordes.

The foregoing apprehensions promoted by terrorism, social conflict and the problem of autonomies are believed to have been mostly overcome by the effectiveness shown by the system in the various challenges made. Nevertheless, the risk of further

blows of etarra [Basque?] or other obscure origin is not ruled out and, in this connection, the atmosphere of triumph prevailing at present in the Ministry of Interior is regarded as inadvisable.

Security Measures

A strict security system, intended for making the above-mentioned military establishment impervious and ready to react against any surprise, is being meticulously arranged by the pertinent authorities.

The transfer to situation "B" of Lieutenant General Guillermo Quintana Lacaci, commandant of the First Military Region, which will take place in accordance with the new law on the Active Reserve after start of the hearing on the 23 February coup attempt, opens a first order vacancy for which candidates are beginning to be shuffled. Before this, the hearing by the new court-martial to try Colonel Graino and Captain Juan Milans del Bosch, who insulted the king in a public establishment, calling him rude and good-for-nothing, is scheduled for next Tuesday 26 January. The action of the previous court-martial was cancelled by pertinent judicial authority, that is to say, in this case, the captain general of the region.

From a point a view broader than the one reflected by these judicial appointments, the authorities of the Ministry of Defense seem determined to set up, in the Highest National Defense Studies Center (CESEDEN), some sessions on the autonomies given by Professor Eduardo Garcia de Enterrria and to start a seminar on Defense matters in collaboration with the office of the rector of the University of Madrid.

10,042
CSO: 3110/70

BASQUES MAY SET UP BROADCAST NETWORK WITHOUT PRIOR APPROVAL

Madrid EL PAIS in Spanish 9 Jan 82 p 32

[Article by Carlos Gomez]

[Text] The Basque Government has already awarded several contracts for the installation of its own radio and television network on its territory, without having prior authorization of powers and frequencies--which is prerogative of the central government and of international agencies--and with disregard for current legislation on the obligation for public agencies to buy national technology, when there is any in Spain. Establishment of this fourth channel, moreover, may raise a conflict between two organic laws: the Guernica Statutes and the Statutes of the RTVE [Spanish Radio-Television] agency.

The Basque Government has scheduled its own television broadcasting to start operating on 1 January 1983 and it has budgeted, for that purpose, 1 billion pesetas for installation and equipment.

Since the end of November 1981, as a consequence of the appearance in the BOLETIN OFICIAL DEL PAIS VASCO of several requests for bids for the purchase of equipment and facilities for the radio and television network of this autonomous region, the National Association of Electronic Industries (ANIEL) has been negotiating with the Basque Government for it to respect current legislation at the time of awarding the contracts. Authorities in the Ministry of Industry and Energy, who learned yesterday through this newspaper--in view of the discretion with which the Basque Government has been moving--of the award of contracts for specific equipment to a United States company, confirmed the existence of a law on Organization and Protection of Industry that obliges public agencies (central administration, autonomous agencies and local corporations) to buy products made in Spain, when they meet the requirements for them.

According to what was stated by Jose Maria Gonzalez de Leon, assistant director general for Electronic and Data-processing Industries in the Ministry of Industry, the above-mentioned law requires a certificate of nonexistence of a domestic product, in order for public agencies to import facilities or equipment. This certificate has to be requested of the Ministry of Industry and Energy, which may grant it on the basis of three reasons: because the product required is not made in Spain, because even if it is made it does not meet the required specifications, or because the urgent need for the product makes it impossible for it to be supplied by domestic industry.

American Technology, Even Though It Costs More

On 5 and 23 November 1981, bids were opened in the headquarters of the Basque Government in Vitoria in the first public competitive bidding for the provision of equipment and facilities for Basque television. The following four bids were submitted in the first bidding, consisting of "provision of specific material and equipment for 10 microwave repeater terminals with a capacity for carrying one 5-megahertz video channel and four sound channels, in accordance with CCIR [International Telecommunications Consultative Committee] standards" (BOLETIN OFICIAL DEL PAIS VASCO for 19 October [1981]):

Telettra Espanola, amounting to 99,713,000 pesetas and with Spanish technology.

Page Iberica, amounting to 123,843,555 pesetas with equipment from the American Farinon Company.

Eurotronica, amounting to 131,866,636 pesetas with equipment from the American Farinon Company.

Telecommunication and Control, amounting to 114,325,604 pesetas with equipment from the Italian GTE Company.

Two bids were submitted in the second competitive bidding, consisting of the "installation and final adjustment of the microwave network, including supply of radiation system and energy generators" (BOLETIN OFICIAL DEL PAIS VASCO for 7 November [1981]):

Telettra Espanola, with a basic bid of 40,363,000 pesetas and another alternative bid of 25,216,000 pesetas. This second bid was subject to the award of the contract mentioned above for provision of the microwave network to this company.

Page Iberica, with a basic bid of 19,811,000 pesetas.

According to information from sources in the sector, on 10 December 1981, the Basque Government awarded these contracts to the Page Iberica Company, in spite of entailing a outlay of some 30 million pesetas more than what was required by the Telettra bid and in spite of working to the detriment of Spanish industry.

Reservations, Uneasiness and Discrepancies

Ramon Labayen Sansinenea, adviser in the Department of Culture of the Basque Country, who was consulted by this newspaper on the above-mentioned awards last Thursday afternoon, argued that at that time he did not have the documents pertaining to the bidding and requested that he be telephoned again at 1000 hours on Friday. EL PAIS tried unsuccessfully to get Ramon Labayen on the telephone at the time specified and several other times during yesterday morning. Nevertheless, Joaquin Azurza, in charge of Basque Country News Media and technical director of RTV [Radio-Television] of that autonomous community, confirmed the above-mentioned awards in all their details.

Some Basque nationalist sources, which requested that they remain anonymous owing to their critical point of view, stated that the decision adopted by the autonomous government on the awards was wrong, stupid and unnecessarily irritating to the rest of the Spanish state. From a technical and economic point of view, a choice of the domestic bid should have been made. The Basque Government also awarded to the German company of Studio Hamburg an analysis of the dimensions and guidelines that Basque television should adopt in its initial production stage. Three items of ENG [expansion unknown; Electronic News Gathering?] equipment (the so-called electronic journalism) were also awarded to the Japanese Sony Corporation.

"It was a great stupidity and display of a lack of solidarity by the Basque Government," Pedro Higuera, director general of ANIEL (the employers' association in the sector, stated, when he learned the news. Higuera had sent several letters and telex messages to the Basque authorities and he had even gone to Vitoria to ascertain that the equipment offered by the domestic industry has been operating perfectly for some years in RTVE and in the Telephone Company (both companies have drawn up reports in this connection). The director of ANIEL, moreover, and in view of the difference by two gigahertz (measurement of microwave frequency) between the equipment offered by Telettra and the requested specifications, pointed out to the Basque authorities that there is no essential difference (an amplifying minimum) and the bidding company itself promised in writing to replace this equipment in 1983 with the latest world technology. "But it was no use. Talking with the Industry adviser was like talking to a wall," Pedro Higuera added. In addition to presenting technical and legal reasons to the Basque Government, he had requested consideration of "the present serious situation of our economy, with a high unemployment level caused by unnecessary imports of equipment similar to equipment made in Spain."

The Central Government Has Not Given Authorization

Joaquin Tena, technical secretary general of Radio and Television Legal System (under the Ministry of the Presidency), ensured yesterday that the government has made no decision on the granting of frequencies and powers to the Basque Country. "There were some informal meetings in November with the Basque representatives, in which they informed us of their intentions and we listened to them. They promised to send us a technical plan, so that we could study the possibilities of their intentions, but we have not yet received it. They may have bought the equipment and facilities that they say they have, but I repeat that they need authorization on powers and frequencies from the central government and this authorization does not exist."

RTVE sources, moreover, commented on how difficult it was going to be for the countries that had signed the Stockholm Agreements to grant two new frequencies--one for the Spanish language and the other for the Basque language--to the Basque Country. They also made plain the conflict between the plan for Basque television with the RTVE Statutes, which provide for a third regional channel held by the state and administered by the autonomous government and which is to be granted--after full national coverage by the second channel--by legal means (article 2 of the Statutes). This is the course chosen by the Generalidad of Catalonia.

10,042

CSO: 3110/70

ASSEMBLY DISCUSSES GREEK INTENTIONS TOWARD CYPRUS

Istanbul CUMHURIYET in Turkish 17 Dec 81 pp 1, 9

[Excerpt] Ankara (CUMHURIYET BUREAU) -- Turkish-Greek relations and the Greek dispatch of troops and arms to Cyprus were discussed in the Consultative Assembly yesterday. Making a speech off the agenda in the Consultative Assembly general session, at-large member Ertugrul Zekai Okte said that Greece intended to annex Cyprus by fait accompli. At-large member Bekir Tunay also said that the Greek government was playing with fire and added, "We would hope that the Greek statesmen would soon see the error of their ways." Okte said that the global political situation had changed overnight, speaking as follows in summary:

"Papandreu, the head of the Panhellenic Socialist Party, comes from an anti-Turkish family and is fanning the flames of anti-Turkishism. Papandreu is trying to use this ideal to gain a hold on the Greek army. Greece's true purpose is neither to leave NATO nor to split NATO. It is to revive a 150-year-old ideal. As soon as the Greek prime minister took office, he instructed all his ambassadors to spread the idea that Northern Cyprus is occupied by the Turks. Greece is promoting this position by further arming the Cypriot National Guard Organization. It would be naive to believe that Greece would renounce this attitude. I would like to tell the entire world this: Neighbors, friends, allies, enemies, study Turkish history. Our republic has never once since the day it was founded gone back on its peaceful foreign policy. We have had no designs on the territorial integrity of any nation, but have respected it. Respect for territorial integrity constitutes the basis of our foreign policy. It must not be forgotten that insofar as we may guarantee our desire for peace at home, we may also guarantee our desire in our region. It must not be forgotten that we have our National Pact. This National Pact represents our minimum objective. World peace depends on Turkey's common sense."

Ertugrul Zakai Okte continued as follows:

"This behavior by Greece is not new for us. Greece's new era has tied its prestige at home and abroad and the continuity of the administration to one, single problem. And that is to annex Cyprus through a fait accompli launched against Turkey. Its secondary goals are to capture for itself the initiative in Turkish-Greek relations."

Tunay's Speech

At-large member Bekir Tunay also made a speech in which he said that it had been learned that Greece had dispatched arms to the Paphos area. Tunay said: "The Greek leaders apparently do not know what they are playing with. The Greek authorities and officials seem to have forgotten that they are part of a world order. This action by Greece runs counter to -- violates -- both international agreements and the rule of international law. It is surprising that the Greeks would feign ignorance of the Lausanne Treaty, one agreement in the world that is being enforced."

8349

CSO: 4654/103

ARMING OF GREEK ISLANDS SEEN AS KEY ISSUE

Istanbul CUMHURIYET in Turkish 11 Dec 81 pp 1, 7

[Article by Ugur Mumcu: "Arming the Islands"]

[Text] What kind of "alliance" is this? The discord between two nations in the "NATO Alliance" has put the southeastern flank of the alliance on hold.

Greek Prime Minister Papandreu, also defense minister and a former American citizen, is asking NATO for "safeguards" to protect his borders against Turkey. This example of "chutzpah" is, moreover, an attempt to upset the rules of diplomacy to get this request accepted.

Yet at this stage, what ought to be the fundamental topic of debate is the arming of the Greek islands in contravention of the treaties. If there is a question of "possible aggression," it must be in connection with the troops being placed on the Greek islands. If there is one problem between Turkey and Greece, it is the fact that for years the Greek islands have been heavily armed against Turkey.

The military concentrations on the islands right under Turkey's nose have nothing to do with the "common goals" of NATO. Furthermore, the arming of these islands is a violation of the treaties.

This being the case, what kind of safeguard does Papandreu want from NATO?

If one member of a "common defense pact" violates the treaties by placing military concentrations at the sites closest to another member's territory and then asks for "safeguards" in reference to the likelihood of aggression against itself, this means a serious crack has appeared in the "common defense pact."

This "common defense" has already taken something of a beating in recent years. What was the meaning of the "embargo" placed by the United States, the privileged member of NATO, on the arms needed by the Turkish Armed Forces immediately after the 1974 Cyprus Peace Operation?

Was it not something of a contradiction to proliferate theories on the assumption of the "Soviet threat" on the one hand and use "embargoes" on the other to prevent the NATO nation closest to the Soviets from meeting its arms requirements?

Certainly it was. This embargo put in place by the United States was also consistent with the desires of our neighbor Greece.

Developments of the past 3 to 5 years have brought Turkey to a more important strategic crossroads in the Middle East and, therefore, in NATO. The fall of the shah in Iran, which had been known as the "U.S. bastion" in the Middle East, the death of Sadat, the earlier Soviet occupation of Afghanistan and the winning of the Greek elections by a "chauvinist" party claiming to be "socialist" all served to concentrate attention on Turkey.

The reorientation of this "common defense system" beyond its "common defense goals" as the circumstances of time and place require according to the interests of specific members, the adoption of decisions such as the "arms embargo" in violation of NATO's reasons for being and the arming of the islands by the Greek Armed Forces against Turkey, against whom the arms embargo was placed, show that the system is either not very sound or not working as intended.

We hope that Minister of National Defense Mr Umit Haluk Bayulken, an experienced diplomat, will be asking world public opinion "why the Greek islands are being used as arms depots."

8349

CSO: 4654/93

PROCUREMENT PLANS OF NEW DEFENSE MINISTER

Brussels KNACK in Dutch 27 Jan 82 pp 35-36

[Article by Frank De Moor: "The Minister Goes Out Shopping"]

[Text] New Minister of National Defense Freddy Vreven's (PVV [Party of Liberty and Progress]) statements of Friday 15 January and the decisions of the Council of Ministers of Monday 18 January give us to understand that Marten's fifth cabinet will indeed give a more rational procurement policy for defense a chance. Not even the Flemish Aerospace Group (FLAG) can be as opposed to that as that organization claimed to be in its communique of last week.

The government did decide, as Minister Vreven has proposed, to finance the purchase of the rare raw materials (the so-called long lead items) for the production of additional F-16 fighter/bombers (together with General Dynamics), without considering that to be an implicit choice in favor of the F-16 as the replacement for the Mirages. And furthermore that "for his department, other more urgent replacement needs exist within the army in coming years," while the cabinet for its part decided to have a study carried out within 6 months concerning the regional distribution of the industrial compensations which must proceed from the replacement purchases, among other things.

So although they did not have to determine the regional distribution key all at once, which FLAG had requested, they did expressly stipulate that a balanced regional distribution would come about for the compensation attaching to all of the important programs incorporated in the Ten-Year Plan.

That also means at the same time that the so-called Ten-Year Plan for Military Investments 1982-1991, which was proposed to the cabinet for the first time by ex-Defense Minister Frank Swaelen (CVP [Flemish Christian People's Party]) and was approved in June 1981, remains the guidebook for policy on the matter.

Very quick decisions will have to be made about a number of military purchases, however, and there is every indication that the new minister, in contrast to his predecessor, will not be able to afford not to launch a single important procurement program to speak of.

On 18 January--after consultation--the cabinet council also set the private contracting procedures under way effective immediately for the procurement of 2,500 all-terrain vehicles to replace the jeeps, some of which are 30 years old (2.5 billion francs).

All indications are that Beherman-Demoen of Bornem, which has already delivered Land Rovers and Range Rovers to the Ministry of National Defense, is very well placed this time, too, to pull in the contract. Even if that is only because the Land Rover, despite its aging concept as a 4x4 all-terrain vehicle, still has quite a name and because Beherman-Demoen suffered so much damage because of a number of BDX components delivered by ASCO in the delivery of the police tanks to the National Guard and the Army that the company has almost earned a new contract for social and economic reasons. However, that does nothing to alter the fact that a number of other sellers will crop up, such as Mercedes, Volkswagen, Fiat or AMC, whose Jeeps have just shown how good they are during the Paris-Dakar Rally, without forgetting the real Jeeps of the same name [sic].

The ASCO company of Zaventem, which is not only on trial these days on account of the BDX components, but was also mentioned before the Council of State in the action between the French tank maker Saviem Creusot Loire (SMS) and the Belgian state concerning the much-disputed contract for the delivery of the armored infantry vehicle (24.2 billion francs), also appears in the now 10-year-old procurement dossier for the 155 mm cannon for the Belgian artillery (12.295 billion francs). What is involved here is the constantly postponed but by 1985 urgently necessary replacement of the 105 mm and 155 mm howitzers with the associated vehicles, ammunition and especially an integrated fire control system, which is to bring the Belgian artillery into the computer age, as the last NATO artillery to enter it. Even though the whole array of cannon manufacturers have been bidding for this contract from the beginning, all of the initiates have known all along that for more or less well-known reasons the army only wants the American self-propelled 155 mm cannon of the model M 109 A2 from Bowden-MacLaughlin, even though that gun cannot, as compared with the French 155 G7 (Grande Cadence de Tir [High Rate of Fire]), for instance, fire 6 shots in 15 seconds, and is less sophisticated. Precisely for that reason, say some soldiers, the Army wants the American howitzers, which furthermore are mounted on a tank chassis, "in which ASCO can become involved." Indeed, ASCO has had its sights on the American choice for years, ever since the time Paul Vanden Boeynants (PSC) became defense minister.

However that may be, a cannon purchase of nearly 13 billion francs must be additional reason this time for premier Wilfried Martens (CVP) finally to publish the reports of the High Commission of Review about the contracts and relations between ASCO and the Ministry of National Defense, as he promised the public on 21 December 1979. Even though it were only to spare big industrial groups, such as DAF, which is currently negotiating with ASCO, later surprises.

Aside from the purchase of a number of industrially significant radio and transmission systems (for about 6 billion francs), according to the Ten-Year Plan the purchase of new helicopters (the so-called Aeromobility 1) is a more urgent necessity than the replacement of the Mirage fighter/bombers.

That does not alter the fact that the procurement dossier for 48 new antitank and reconnaissance helicopters (about 7 billion francs) has already been dragging along for more than 10 years, too. In that respect, in mid-1980 a certain amount of animosity was aroused, at all events, when it became clear that all of the specifications, for example, dealing with firepower and carrying capacity as good as excluded all competition to the French Dauphin (SNIAS-Aerospatiale). That pressure died down quickly, in part because of the lack of a qualified competitor, so that Bekaert (admittedly as a last resort) simply decided to work out a definitive agreement with Aerospatiale, and not to get together with the American Hughes, as Herman Candries and the VEV [Flemish Economic Association] publicly but unavailingly proposed, particularly in August 1980.

When it is looked at in this light, Defense Minister Vreven's shopping list is already quite long enough, before he even begins to deal with the nettlesome question of the Mirage replacement. Furthermore, the purchase of the additional F-16 fighter/bombers has to do with strategic options about which a number of people in this country are far from having finished talking.

6940
CSO: 3105/88

STRAP-DOWN GUIDANCE SYSTEM FINDS NEW APPLICATIONS

Paris ELECTRONIQUE ACTUALITES in French 15 Jan 82 p 9

[Article by GB: "SAGEM: New Areas for Inertial Navigation Systems"]

[Excerpts] In obtaining its first export contracts, mostly for strap-down inertial systems designed for tank fire-control, SAGEM (Company for the General Application of Electronics and Mechanics) has just demonstrated that inertial class components have a viable future beyond weapons aircraft, which remain their primary application, into such areas as helicopters, land vehicles, or warships.

Having had the reputation of being expensive just a few years ago, inertial navigation has become a focal feature of weapons aircraft, and the Uliss family of systems is today the major business of the Navigations Division of SAGEM, with Mirage 2000 (Uliss 52), the export version of Mirage F1 (Uliss 47)--whose first models will be flying in the next few weeks, ANG (Uliss 53), Alphat Jet, the Indian Jaguar, and the military transport plane C 135. Mirage 2000 had already served as the opportunity to expand the inertial navigation applications with less well known equipment, such as gyroimeters and accelerometers for electronic flight control, the gyrometric stabilization devices of the RDM radar, or the guidance system of the ASMP missile, which is installed on the penetration version.

Strap-Down, More Than a Promise

In this respect, special mention must be made of platformless strap-down systems. As we know, the first SAGEM model, MSD 01, operated aboard a plane last spring with excellent results and a precision of 2 Nm/hr after automatic alignment, which is still not sufficient to compete against platform systems, the only ones capable of providing precisions between 0.2 and 1 Nm/hr, which are more necessary for weapons systems than for fighter navigation. The adoption of a Honeywell strap-down system by Boeing for the B-767 seems to be more a matter of marketing considerations than of technical superiority.

SAGEM wants to promote the strap-down technology in areas that require lower performances; this is in fact no longer just a hope, since the company has just been awarded several contracts, mostly for exportation, for tank fire-control references. Several hundred systems have been built, and the preproduction will be delivered during this year. The NSM 20 tank navigator, although not exactly an inertial system, confirms this trend with components and performance of inertial class.

The ability to autonomously find North with a precision of a few milliradians, which is ten times better than is possible with conventional magnetometers, makes the weapons helicopter an ideal application, and the first flight tests of an MSD 01 strap-down system will soon be made on helicopters. This application will actually be competing against an airplane system (Uliss), which would be more expensive but would have higher performance. In both cases, the aircraft in question is the French-German helicopter HAC (or its "French-French" counterpart).

Other strap-down applications should arise rapidly in the area of guidance for short and medium range tactical missiles, as well as in the navy (nuclear submarines, fire-control reference against surface vessels).

SAGEM has also proposed to use the MSD system as back-up on weapons aircraft. A new application of inertial systems, altitude adjustment based on correlation with a reference relief map entered in memory, is also the topic of a study program.

Basic Components

At the same time, SAGEM continues its research on basic inertial components, such as electric suspension gyroscopes; and even though computation speed problems persist, SAGEM has planned the first flights of these gyroscopes on weapons aircraft in 1984-1985.

For further in the future, research is being carried out on a nuclear magnetic resonance (NMR) gyrometer capable of accuracies close to one-tenth of a degree per hour with a quartz accelerometer, to be integrated into a strap-down system. And let us not forget that SAGEM is pursuing its work on the gyrolaser, with particular emphasis on magnetic mirrors.

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CSO: 3100/285

LIST OF PROMOTIONS IN ARMY RANKS PUBLISHED

Athens I VRADYNI in Greek 2 Feb 82 p 12

[Text] The first phase of the proceedings of the Supreme Military Council has been completed. The council promoted 32 colonels to the rank of brigadier general, 61 lieutenant colonels to colonel and 50 majors to lieutenant colonel. At the same time 38 colonels were promoted to the rank of brigadier general and retired.

The following colonels are promoted to the rank of brigadier general:

Kh. Organidis, D. Fotiadis, K. Madouvas, E. Angelopoulos, I. Boutos, V. Magdalis, G. Tsoumis, N. Khrysanthou, I. Mikhalis, A. Pandastathis, E. Sanidas, G. Ladas, Kh. Vasilopoulos, G. Stroponiadis, Kh. Mikhalopoulos, Kh. Skarlatos, G. Malis, A. Zakondos, I. Mikhailidis, A. Anastasiadis, P. Mavrommatis, A. Lazaris, I. Tangas, P. Vasilarakos, Kh. Politis, E. Lazos, I. Leounakis, N. Lambropoulos, N. Khasanidis, L. Skamalemvas, L. Athanasainas, G. Tsakiris.

The following colonels are promoted to the rank of brigadier general and retired:

I. Anagnostopoulos, E. Marangoudakis, G. Sorfis, I. Karatzalis, G. Apostolidis, E. Papageorgiou, S. Tzavaras, N. Dondas, N. Fatseas, D. Glavas, Kh. Moniakis, A. Menidakis, S. Kougiouris, E. Porfyris, G. Kyriatzis, M. Manopoulos, I. Dareiotis, E. Psathakis, I. Xiros, G. Ladeas, Kh. Skhoinas, Kh. Panagiotareas, G. Skopelitis, S. Polymeris, S. Krasanakis, G. Kourtis, Kh. Bougioulas, Th. Maravelias, D. Khatzos, D. Metalinis, M. Karkalis, N. Panagiotopoulos, G. Khronopoulos, P. Markopoulos, I. Sigalis, Kh. Trangas, N. Vernardos, V. Botoulas.

The following lieutenant colonels are promoted to the rank of colonel:

K. Saravas, V. Baltinos, F. Georgiou, Kh. Tsolakidis, A. Prokopiou, A. Pappas, M. Aronis, Th. Simopoulos, D. Tsotsis, K. Siatras, G. Khristopoulos, Th. Kalioras, A. Kourbetis, A. Golios, Th. Vlakhopoulos, M. Tolias, K. Kolovos, E. Isakirakis, D. Zervas, I. Akrivos, G. Velgakis, K. Karagiorgos, P. Makhas, I. Sekkas, D. Diakoumakos, P. Tsetes, V. Vrakas, Th. Vrettos, V. Pandis, P. Demestikhas, S. Goumas, G. Nikolaou, A. Kondis, K. Tsandillas, S. Rousetos, P. Kalmbrandis, Kh. Lemonis, S. Kandaros, K. Papazoglou, P. Belozos, G. Papaspyrou, G. Gryllakis, S. Svolis, P. Tsikouris, D. Moskhidis, G. Bakas, K. Karras, A. Sarris, A. Mangos, D. Tsombanopoulos, Kh. Leondaridis, A. Liangouras, E. Zidras, D. Papasotiriou, A. Liakopoulos and I. Oikonomou.

The following are promoted to the same rank by order of seniority:

G. Mikhalkis, Kh. Khristodoulou, P. Poulimenos, P. Dimitriou, K. Mandouvalos.

The following majors are promoted to the rank of lieutenant colonel:

P. Tsousis, Th. Fotias, A. Papageorgiou, V. Mazkanas, G. Papadomanolakis,
I. Goulas, I. Kazoukas, A. Papadimitriou, Th. Grivas, A. Karambakis,
M. Griveas, V. Manouras, E. Athanasiadis, F. Melas, E. Zakharis, I. Khristou,
D. Kyriakos, K. Ladopoulos, M. Katsoulis, A. Karakostas, I. Skarpelas, I.
Papadopoulos, D. Boukis, I. Vlakhopanos, E. Sofikitis, N. Tavolaris,
E. Papageorgiou, L. Khatzianastasiadis, N. Doulamis, N. Dounias, P. Stathopoulos,
E. Apostolopoulos, D. Loutsakos, K. Agianitis, K. Rousakis, Kh. Papagourgandas,
Th. Koutsomanis, A. Kyfonidis, P. Marinis, A. Polizois.

The following are promoted to the same rank by order of seniority:

M. Arkhondis, E. Savainas, Kh. Georgalas, A. Panagiotopoulos, G. Markopoulos,
K. Karadimas, Kh. Trikolis and Kh. Arvanitidis.

CSO: 4621/188

PROFILE OF BERLINGUER'S SECRETARY ANTONIO TATO

Rome L'ESPRESSO in Italian 20 Dec 81 pp 35-44

[Article by Giampaolo Pansa: "Sister Pasqualino"]

[Text] That's what they call him in an analogy with the sharp-eyed housekeeper of Pope Pius XII. He is Berlinguer's secretary. Many consider him a keeper of the gospel. His fall will mean that....

Rome--He is a gray eminence with equivocal power. He is merely a press attache who is too self-confident. He is an important person, in the front ranks of the secret "nomenklatura" of Botteghe Oscure [PCI Headquarters in Rome]. No, he is just barely a member of the Central Committee and is a "silent member" because he has never risen to speak. He is a loyal friend of Enrico Berlinguer. He is Rodano's fifth column within the sanctuary of Italian communism.... There are too many masks and too many faces for Antonio Tato, called Tonino, 60 head of the PCI press office and Berlinguer's secretary. Thus, in order to try to write about him, it would be well to begin with a personal recollection, like "the first time I saw him."

It was on 11 June 1976, eve of elections. Since I had to interview Berlinguer for IL CORRIERE, I crossed the threshold of the big PCI headquarters to introduce myself to someone who would take me to see him. I was met by a tall personable man with the air of an aging gigolo who dresses carefully and keeps in shape. His voice is well modulated. Haughtiness is mixed with a somewhat false cordiality. He has a splendid profile somewhere between a centurion and a high-class barber. He has oily black hair cut in the style of the 1940's. Finally, he is perfumed, heavily perfumed. Who is he? "I am Tato."

He invited me to sit down and immediately asked, "What are your questions?" I handed him a piece of notepaper. He read it with efficient speed, then with a smirk he emitted his first judgment: "Shit!" He did not like the question referring to Berlinguer as the "Italian Dubcek" ('It brings bad luck!'), nor the question on NATO. He grumbled: "I wonder why you never ask him to tell why the country has arrived at this point and what the responsibilities of these Christian Democratic pricks are! In any case, we will see whether we can arrange an interview."

Time passed while the hot June evening surrounded the big PCI headquarters. Suddenly, the door of the adjoining office opened. It opened just a little. A centimeter; perhaps 2, no more. From the crack, Berlinguer revealed a little bit of his small

face, and in a faint voice whispered "Tonino...." Tato was on the telephone. He dropped the phone to the floor, rose abruptly and with a radiant smile exclaimed: "Tell me, Enrico!"

Berlinguer was ready. Entering his office, I noticed that Tato advanced on tiptoe, in a reverent and delicate attitude, almost as though he were walking on eggs (I learned later that because of that manner of tiptoeing, he was known as the "rose-colored panther"). The interview began and lasted for 3 hours. Three hours with Tato always present. Tato's vigilant eyes were always fixed on the leader. He was anxious. Ready to suggest answers as though he were a prompter. He was careful to complete, to stimulate, to check, to reveal my ingenuous traps.

When the text was ready 2 days later, Tato asked me what I would write in the interview's subhead. I said I did not know yet and it seemed to me that the subject ended there. But Tato was enormously interested in that detail: Perhaps because of an excess of prudence, or because of professional nitpicking, since they were the only words that escaped his control. Thus, on Monday, he telephoned IL CORRIERE to have them read it to him. He insisted, but Ottone, like a pigheaded Genoese, preferred to let him worry.

He worried uselessly. The subhead contained only an innocuous reference to the guns aimed at Berlinguer inside and outside the party. But when, after the interview had been published, I saw Tato again on the television program "Election Tribunal," he assailed me in a good-natured, arrogant way: "But what the hell did you write? Always this story of guns aimed! What guns?" Then he calmed down. Trembling, Jacobelli invited us to debate. Tato stood beside Berlinguer, with the air of the "consigliori" [Italian-American Mafia corruption of "consigliere": adviser] who knows everything. Beneath the chair, he had hidden the glass of whiskey and water needed to comfort his boss.

At that time, Tato had been Berlinguer's secretary for 7 years. It was a position of great power, but in theory, without apparent glory. Rather, it was such as to annul the person in order to allow only the function to emerge. That is what happens in almost all parties. Who knows Piccoli's secretary? Or Spadolini's spokesman? They are excellent professionals, but men without a face, whose names are in the shadows. It is not so for Tato, a "super" among the secretaries of the secretaries, always in the front row alongside his chief and, therefore, in the limelight.

His early record does not say much. He is a Roman of Puglia stock. His father was a very esteemed parliamentary reporter. He took his degree in law, a degree to which he attaches much importance because to secretaries of other men he introduces himself with the fixed formula: "I am Dr Tato." He is a handsome youth, a barrel of a man. And he is even brilliant. He sings well. Plays the guitar and in his youthful years he was also a spinner of fantasies. His quartet was named "Ator." Tonino and his three friends danced in small plays singing: "Beat Beat the Bass Drum/The Magnificent Tenor...."

Tato became Tato after the meeting with a man the readers already know. It was at the beginning of the 1940's and Tonino discovered his political destiny in the movement of Italian communists. The group had an earthly god: Franco Rodano. He was very young, barely a year older than Tato, but he was a precocious genius, a

political theoretician who a short time later was to be capable of fascinating even Togliatti. If "Dr Ercoli" yielded, imagine how Tonino acted. Rodano's [thoughts] became his new gospel and he was to be the first of the 12 apostles.

It was the end of 1945. The movement, which became the Party of the Christian Left, was disbanded and some of its leader (Rodano, Felice Balbo) decided to join the PCI. Their friends did the same and they lost themselves "in social projects." Rodano's wife, Maria Lisa Cinciaro joined the UDI [Union of Italian Women]. Giglia Tedesco, an extraordinary young woman who later was to marry Tonino, joined the League of Cooperatives. Tato joined the CGIL [Italian General Confederation of Labor].

In Corso d'Italia [Avenue of Italy], Tonino (24 years old) immediately revealed his talent. He was intelligent, cultured, and quick. He knew how to write and one of his articles had already appeared in the first issue of POLITECNICO run by Vittorini. Furthermore, his father was a friend of Giuseppe Di Vagno, the Puglia socialist leader who was killed by the fascists. Thus Di Vittorio [then CGIL head] took a liking to that young man; he called him "paisa" [paisano: fellow countryman], and shoved him into the press and propaganda office of the Confederation.

Tato remained in the CGIL for about 20 years, a long and fruitful apprenticeship. The relationship with Di Vittorio was splendid. Tonino worked in his orbit and, day-by-day, learned how to live in the shadow of a chief. He saw many things. He understood the trade union and the party in depth. He even was in charge of the three volumes of writings and speeches by his first great tutor. But they are years long gone by, now buried by what happened beginning from a certain day: the day of his meeting with "king" Enrico.

It was February 1969, Bologna, the 12th Congress of the PCI. Berlinguer became deputy secretary. He was 47 years old, but regarding everything else he is exactly the same today. He is shy. He rarely speaks. He is isolated in his office and incapable of developing relationships with the world. He is even bothered by the telephone. Furthermore he came from the Secretariat of Lazio and had barely made his debut as a deputy. He therefore needed a periscope from which to view earthly misery: a man who was his opposite, brainy but also open, that is capable of understanding but also an able developer of relations with his neighbors, an extrovert and with just the right lack of prejudice.

The choice fell on Tato, who is almost the same age: only 6 months older. One day Tonino said, "I knew Enrico from when I was secretary of the FGCI [Federation of the Italian Catholic Youth]. I had just the right qualities to work with him. I was chosen by the party secretariat." Was that how it was? Perhaps. But there is another version. Berlinguer wanted to follow the footsteps of Togliatti, maximally developing the line of an understanding with the Catholics. As happened with Togliatti, Rodano was therefore a source of thought and a point of comparison also for king Enrico. Tonino was to take care of the contacts. A tonino who knew Rodano for years, who adored him, who reasoned as he did, and at times even spoke as he did....

Tato entered communist party headquarters in June 1969 with a double job: Berlinguer's secretary and head of the press office. The beginning was not easy. Some immediately understood what was to happen and became alarmed: "Two jobs for Tonino? Anything can happen!" Thus in 1972, when he became the only leaders of the PCI, Berlinguer

was forced to chose another secretary. He was Andrea Pirandello, nephew of Luigi. and political editor of L'UNITA. He was an excellent journalist but a solitary type, afflicted by a sad black beard.

Pirandello lasted a few months, then left. Berlinguer's adversaries imagined replacements. Diego Novelli, for example, who later was to become the mayor of Turin. Or Candiano Falaschi, today a L'UNITA reporter. But Tonino took back his job. It was the eve of the historical compromise and he began to build his own power base. The first power idea was apparently professional. He said that the press office of a great party cannot limit itself to mimeographing communiquees. If it wanted to be efficient, modern, it must become a center of public relations, of relations with the outside world.

With this goal in mind, Tato began to cast his nets in the sea of Roman politics. And since he was the most capable of press agents, an untiring worker, a very shrewd man, his haul of fish was unequaled. Half the people of Rome spoke and dealt with him, convinced that they were speaking and dealing with Berlinguer. It happened to some extent with everyone, political leaders (with special regard for LaMalfa, Galloni and Manca). Opinion makers (Scalfari first of all). Editors. Priests, many priests (from Father Sorge on up to the curia). State representatives. The big-time wheelers and dealers of RAI television.

Tonino was playing a winning game. He was aided by Berlinguer's vocation as a hermit, but also by his own personality. It was a personality with the right dosage of vices and virtue. He maintained a last-ditch loyalty toward king Enrico. His discretion was absolute. He had a hidden love of power. He enjoyed making his weight felt secretly. He kept an iron lock on his personal affairs (no interviews, no biographies). He had only one human weakness: the perennial one of always being seen behind his chief, on TV, on platforms at meetings, at L'UNITA festivals, at Fiumicino. He is two hands higher, inscrutable like the famous butlers, or a colonel of the armored guard.

This obsessive presence acquired a precise political meaning during the boom of the historical compromise. From a convinced Catholic communist, Tato was even organized existentially on this line. He believed it to be "revolutionary." He believed profoundly in it. He fed it, he became a bridge between theory (Rodano) and politics (Berlinguer). He opposed with increasing bitterness the party comrades who rejected the Berlinguer gospel. He did not do it in secret, but was completely open about it with the hard attitude of a loyal follower who was horrified by those who sinned.

Thus Tonino found fault with the Napolitanos, the Chiaromontes, the Bufalinis, the Pajettas, the Macalusos. For him they were opportunists, social democrats, fake realists, reformers, guilty of knowingly being followers of things and processes already in being, little followers of the great Amendola. Regarding the new historial enemy, Craxi, he is an adventurer, little less than a bandit, ready to turn over Italy as a gift to the new fascism.

It was a dangerous path. Until then, no other secretary of the secretary had ever dared take it. Not Massimo Caprara. Nor the mythical Luigi Amadesi, Togliatti's other collaborator. From the interior of the PCI summit came the first, most serious accusation against Tato: he was playing politics, his area of control was enormous,

he influenced Berlinguer, he arrogated to himself an anomalous and unspecific power, something never seen in communist headquarters, which caused irritation and misunderstanding.

The second accusation was just as serious: Tonino kept Berlinguer prisoner, he was the only filter between king Enrico and the world, he was the guardian father with a suffocating maternity, he was an iron policeman who had established with the man he was protecting a senseless and alarming relationship. From this was born the atrocious calling card that someone (Maurizio Ferrara?) made up for him: "Sister Pasqualina," the sharp-eyed housekeeper of Pope Pius XII.

Tato shrugged his shoulders. And it is easy to understand him. His devotion to Berlinguer is so total that is ecclesiastical. Tonino is a Catholic, and therefore has a very strong sense of hierarchies. He also passes for a Stalinist, like Rodano, and he has a very strong sense of authority. The party is his church, and Berlinguer is the beginning and end of all: a leader to be loved, protected, to be served, in the most complete identification.

The third accusation is earthly. Tato knew how to exploit the obscurity of his role. He has a constituency. He has stacked the newspaper PAESE SERA with Rodano followers, as he did with the League of Cooperatives, and RAI television. Too many matters pass through his hands (publishing, first of all). And finally he is the point of contact for a super-current, the always-present communist Catholics, an inter-party group capable of making its influence felt even inside the Berlinguer tabernacle.

And then there is the final condemnation: Tato is an evil weed, brought up in the hothouse of Berlinguer imperialism, the effect and symbol of the autocracy of king Enrico. The punishment? First of all, unpopularity. At the big communist headquarters, Tonino cannot be tolerated. When he was alive, Amendola, with his habit of distorting last names, called him "Toto" [reference to a nationally known slapstick comedian]. For others he was the inventor of Europerfumism [play on Eurocommunism and Tato's habit of wearing strong perfume]. Some vulgarities about him are also circulated. For example: that he is a bon viveur, a womanizer. Instead he is exactly the opposite, so much so that a Jesuit father said of him and of Rodano: "They are as haughty as two devils, as chaste as two archangels."

Attempts to oust him have been made. One day Napolitano tried in vain to exclude him from the Central Committee. Even the inflexible Berlinguer followers like Natta are hostile to him. Plots against him multiply. Until today there have been at least three. The last attempt was made this year [1981]. Tato was offered a job on the RAI executive board provided that he got out of the way. But he is so strong that he knows he can stay in his job. And he tells his friends, emphasizing the words: "I have been with Enrico for many years and I believe I will be with him for quite a while yet."

And in fact Tonino is always there, in his first-floor office. He is a good Catholic and a good communist. He is occasionally foul-mouthed, but he is not given to swearing. He has a respectable cultural background, perhaps a little outmoded but always useful. He is appealing. He is a big brother. He is an artist in the technique of calculated camaraderie. When necessary, he is hard, almost brutal. And his power remains intact.

"I powerful? I, a gray eminence?" He remarked one day to a comrade when he was unburdening himself. "It is all shit, a facile cliche that makes me [expletive deleted] very angry. Enrico is not the kind of person to be influenced by anyone. I limit myself to placing at his service my efficiency. my cultural and political experience. He finds in me a very strong moral and emotional support. And furthermore, I am a fighter for his line, completely in the open. What's wrong with that? Isn't that perhaps the line of the party secretary? The truth is that many, in their pettiness, are envious of an imagined power that does not exist...."

And Berlinguer? For the time being, king Enrico continues to defend Tonino. Why? Simply because Tonino is useful to him, as a friend, and after such a long period of time he can no longer do without him, and then he pulls some of his chestnuts out of the fire, protecting him from unpleasant incidents. Finally, there is a deeper reason. And, as always in the PCI, there is a political reason. Berlinguer well known that for many Tato is the "front man." Every attack against Tonino is in reality an attack against him, against his power as party secretary.

Considering all this it would not be a mistake to draw this conclusion: Tato's small power is an indirect test of Berlinguer's large power. The day something happens to Tonino, it will mean that something is happening to his leader. But no cloud seems to be on the horizon. And with Berlinguer, Tato is the only resident of party headquarters who has held the same job without wavering for 12 years. Is that a miracle done by St Anthony [Tonino is the diminutive of Anthony] or of saint Enrico? History, not we humble newspapermen, will give the answer.

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MARCH 3, 1982